

# Economy Chapter

## Comprehensive Plan for the City of Lexington





# ECONOMY

Economic assets determine the ability of any community to sustain or grow. The same assets also set a limit, by virtue of tax revenue, on public investment that local government can make in the community. Lexington has enjoyed a relatively stable economic base; has benefitted from a strong base; and has consistently and carefully invested in its infrastructure for the benefit of all who take advantage of its quality of life. That said, we are in a period of economic uncertainty and need to plan wisely from a solid base of knowledge to ensure that economic vitality remains a defining characteristic of Lexington in the years ahead. To that end, economic resources must be fully identified, understood and cultivated, if Lexington is to ensure a healthy economy and to encourage thoughtful economic growth.

This chapter considers our “economic context,” reviews earlier economic development initiatives, investigates the means by which residents earn a living, documents income levels, businesses and industries in our region, considers the economic strengths and revenue collection levels of local governments, and identifies areas where Lexington should focus its attention to ensure long-term economic vibrancy.

## THE ECONOMIC CONTEXT

Lexington's economy extends well beyond the boundaries of the City. Many City residents work in Rockbridge County or Buena Vista and many of the people who work in Lexington live in the County or in Buena Vista. Therefore, it is useful to look at economic information for all three localities.

We discuss three distinct economic areas in this chapter recognizing, though, that there is great fluidity, permeability, and intra-reliance among the three:

- **The City of Lexington (City or Lexington)**, which is limited to within the City limits
- **Greater Lexington Area**, which includes the City and the commercial centers which have developed around it; and
- **Regional Economy (Region)**, which is considered to be all of Rockbridge County including the cities of Lexington and Buena Vista.

Information is reported separately for Rockbridge County, Lexington and Buena Vista, when available. The Region represents aggregated data for Rockbridge County and the cities of

Lexington and Buena Vista. Data will also be presented for the Central Shenandoah Planning District (CSPDC) (representing Augusta, Bath, Highland, Rockbridge and Rockingham Counties and the Cities of Buena Vista, Harrisonburg, Lexington, Staunton and Waynesboro) as well as for the state of Virginia.

The majority of this data is presented in the end of the chapter with references to the appropriate table throughout, so that the facts behind the recommendations can be more completely understood.

## **HISTORY OF PAST ECONOMIC DEVELOPMENT EFFORTS**

Lexington has a history of working toward economic well-being for the city and its residents. Each effort appears appropriate for its time; however, no one initiative served as a single, final answer, suggesting that for Lexington to remain competitive and economically viable, on-going efforts of a different nature will be needed in the future.

The following is a brief overview of earlier initiatives that found some measure of success.

### **LEXINGTON DOWNTOWN DEVELOPMENT ASSOCIATION**

Lexington Downtown Development Association (LDDA) was incorporated in 1985. It identified possibilities for improvement of the economic viability of downtown Lexington. LDDA participated in the Main Street program, a National Trust for Historic Preservation program which envisions public/private partnerships working together for downtown revitalization within the context of historic preservation.

LDDA had a professional staff and conducted business through committees composed of members. Funding was by assessment of member businesses along with a significant contribution from the City. Free design recommendations for facade restoration and paint colors for commercial buildings in the downtown were available through the State's Main Street design coordinator. LDDA also managed a downtown facade improvement grant program with funds provided by Historic Lexington Foundation (HLF). Staff met with owners of potential businesses to assist them in locating in the downtown as well as with operators of existing business to help them deal with challenges and respond to business opportunities. Lexington was held as a model community by the State's Main Street Program staff.

As with most organizations, early success was followed by organizational challenges of membership, funding, equity, volunteers, and leadership. Downtown business community members eventually recommended that LDDA be disbanded and its funds be made available to the Chamber of Commerce to operate a downtown marketing and promotions program. LDDA disbanded in 2006 and its funds were transferred to the Chamber.

## **THE ROCKBRIDGE PARTNERSHIP**

The Rockbridge Area Economic Development Commission (RAEDC) was created in 1980 by the City Councils of Lexington and Buena Vista and the Board of Supervisors of Rockbridge County to create additional job opportunities for all Rockbridge Area citizens and to strengthen and diversify the area economy. RAEDC was made up of three members appointed from each jurisdiction and was staffed by a full-time executive director and a secretary/assistant. The Commission was funded on a per capita basis by the three jurisdictions. Its name was subsequently changed to The Rockbridge Partnership to better reflect its mission and the national trend of eliminating “economic development” from the title of economic commissions.

The principal function of the Commission was to work within guidelines agreed upon by the three jurisdictions to "seek, entice, promote and maintain sufficient and suitable employment producing activities in the area, achieve an improved rate of employment, and enhance the tax base of the respective political jurisdictions".

The Partnership was focused on two areas: 1) retention of existing industries and 2) attracting new industry. It was precluded by its By-Laws from soliciting or assisting commercial or retail business and from encouraging tourism. Because of these policy decisions as well as limited resources, the promotional materials prepared and utilized by the Partnership were primarily geared to basic manufacturing.

After several years of debate about the benefits of the program, the City of Buena Vista decided to withdraw from the Partnership. Lexington and Rockbridge County later determined that the Partnership should be abolished and that each jurisdiction would manage its own economic development initiatives. The Partnership was formally disbanded in 2009.

## **CURRENT ECONOMIC DEVELOPMENT INITIATIVES**

### **LOCAL GOVERNMENTS**

Since 2009, Lexington, Buena Vista, and Rockbridge County have managed their own economic development efforts. An ad hoc committee composed of the manager/administrator of each jurisdiction as well as the city/county staff person assigned to conduct that locality's program serve as the core of area economic development efforts. These paid staff are joined by representatives from the Chamber of Commerce (the Chamber), the Regional Tourism Program, the Shenandoah Valley Partnership (SVP), and Central Shenandoah Planning District Commission (CSPDC), to ensure coordination among the governments and other regional agencies in economic development.

## **CHAMBER OF COMMERCE**

The Chamber of Commerce is a business membership organization consisting of small and large businesses, professionals and individuals who care about the well being and growth of our community. Its mission is to promote and encourage business and commerce and assist with business development in the Lexington, Buena Vista and Rockbridge area.

The Chamber provides information for those interested in starting a business with information provided by partnering agencies such as SCORE (Service Corp of Retired Executives), SBA (Small Business Administration) and the SBDC (Small Business Development Center). The Chamber offers a wide range of programs, services and opportunities to network among area businesses. The Chamber sponsors various business, informational and legislative events throughout the year including a "State of the Community" breakfast (featuring both local and state elected officials). Educational as well as business and political forums are scheduled throughout the year to help keep membership informed of latest programs.

The Promotions and Marketing Manager is responsible for marketing, advertising, promotions, and public relations for the businesses located in downtown Lexington. This includes the planning, coordination and marketing for special events, the production of in-house marketing materials, regular contributions to print media, web site, and social media. This role replaces the earlier LDDA efforts. Currently, a "shop local" campaign concentrates on local awareness of the many benefits to the community of shopping in Lexington.

The Promotions and Marketing Manager is also responsible for working with existing and potential new business in the downtown to support business retention and growth and is responsible for serving as the liaison between the downtown business community and City government.

## **LEXINGTON AND ROCKBRIDGE AREA TOURISM OFFICE**

The Lexington Visitor Center located in Lexington's historic downtown area is operated by Lexington and the Rockbridge Area Tourism Development which also operates the Buena Vista Visitor Center. Rockbridge Area Tourism is staffed by a full-time Executive Director, Marketing Director, and Marketing Assistant as well as approximately 12 part-time Travel Counselors who also serve as Tour Guides. The tourism program budget is primarily derived from .8% of meals and lodging gross receipts in Lexington, Buena Vista and Rockbridge County. Additional revenue come from grants, guide service, and advertising space rental. The FY 10-11 budget was \$586,958.

The Visitor Centers have exhibits, maps, brochures, restaurant menus, events calendars and more to help showcase the area, Travel Counselors undergo training to learn to assist and direct visitors in a warm, welcoming, efficient, and knowledgeable manner. Rockbridge Area Tourism also provides complimentary itinerary-building services for group tours and provides Tour

Guides for a nominal fee. The Lexington Visitor Center serves thousands of walk-in visitors on an annual basis.

Rockbridge Area Tourism assists visitors in a variety of ways. The tourism website ([www.lexingtonvirginia.com](http://www.lexingtonvirginia.com)) is used by over 300,000 people each year. Its E-Newsletter is sent to around 5,000 subscribers. Facebook ([www.facebook.com/lexingtonva](http://www.facebook.com/lexingtonva)) has more than 7,500 friends and Twitter ([www.twitter.com/lexington](http://www.twitter.com/lexington)) followers have surpassed 7,500 followers and continue to grow steadily. In addition, Rockbridge Area Tourism prints and distributes 150,000 copies of the Lexington, Buena Vista and Rockbridge County *Visitor Guide* each year.

Rockbridge Area Tourism also partners with other organizations to leverage marketing dollars. Events, attractions, travel packages and area businesses are posted on the Virginia Tourism Corporation website ([www.virginia.org](http://www.virginia.org)) which has an annual hit-rate of over 6 million users. Brochures are produced through the Shenandoah Valley Travel Association and the Blue Ridge Parkway Association.

## **SHENANDOAH VALLEY PARTNERSHIP**

The Shenandoah Valley Partnership (SVP) is a public/private partnership providing marketing and business assistance for the Shenandoah Valley region. Through regional cooperation, SVP brings together business, government and education leaders to promote new investment, strengthen existing business, and guide labor force development to ensure a healthy economic future for the region. The SVP serves the Virginia counties of Augusta, Bath, Highland, Rockbridge, Rockingham, and Shenandoah and the cities of Buena Vista, Harrisonburg, Lexington, and Waynesboro.

### **Shenandoah Valley Partnership's Regional Strategic Initiatives**

The Central Shenandoah Valley's Regional Strategic Initiatives were developed through a regional strategic planning process in the 1990s. In order to maintain the region's Strategic Initiatives as a living document, approximately 70 endorsing organizations are annually given an opportunity to review the initiatives, offer amendments, and endorse the revised initiatives. The Regional Strategic Initiatives are used by the Planning District Commission and others in long-range planning, grant writing and decision-making.

These initiatives have five areas of focus: 1) Environmental, 2) Economic Development, 3) Inter-Governmental Cooperation and Partnership, 4) Infrastructure, and 5) Community.

## **COMMONWEALTH OF VIRGINIA**

Several State agencies also have a significant role in economic development efforts throughout the Commonwealth including in the Great Valley.

The Virginia Economic Development Partnership was established to foster expansion of the State's economy. Their staff provides a link between businesses looking for a site in Virginia and local communities seeking new business and industry. They provide individually tailored research for suitable land and buildings within the Commonwealth and coordinate site visits of those locations deemed to be most suitable. The Partnership also employs professionals in business development finance, technical services, research, and marketing to assist those seeking to locate a business in Virginia. They market Virginia businesses and products both domestically and internationally. They also maintain the most current market, economic and demographic information for use by potential business developers.

The Commonwealth also has a number of on-line resources to assist emerging and expanding small businesses. These include an interactive guide to creating a business plan, information about starting and expanding a business, financing, workforce development opportunities, legal requirements and listings of available government sources created to support Virginia's small business community.

## **THE CURRENT ECONOMIC SITUATION**

The local economy cannot be evaluated without also considering national economic trends since they significantly impact economic activity within the region.

This chapter is written as the national economy recovers from what has been repeatedly described as the worst recession since the Great Depression. Unemployment, nationally, hovers near 10 percent. Financial markets have struggled and financing for new economic investment is difficult to obtain. Housing construction and sales are down and prices for existing housing have dropped significantly. Mortgage delinquencies are at an all time high. Although the recession may technically be over, its effects are expected to linger for some time.

The recession has had an equally significant economic impact at both the state and local levels. Localities have been challenged by lowered value in existing housing stock, absence of significant new construction, and flattened business revenue, all resulting in a reduced tax base.

At the State level, Virginia has a long-held resistance to enact new taxes. No new taxes coupled with lowered revenue collection as a result of the recession means the State is providing reduced funding to localities. Reduced funding has not been accompanied by a relaxation of State required services, leaving localities to identify ways to provide for the unfunded State mandates. At the time of this writing, there is no relief in sight from the State level; localities must find their own way to meet state requirements with significantly smaller coffers. Most localities have done this by reducing services, cutting expenses, and freezing pay rates. This response, while necessary, will not be adequate to meet longer-term citizen needs—especially if revenues, as projected, do not return to pre-recession rates until well into 2015.



## **ECONOMIC DEVELOPMENT STRATEGIES**

Lexington has more jobs than it has City residents to fill them. This discrepancy exists, in part, because individual decisions about employment and housing are usually regional in nature. People are comfortable living in one jurisdiction and working in another. So, while the creation of well-paying jobs with good benefits in our region is critical for Lexington's economy, not all these jobs need to be in Lexington. The entire region benefits from new income-generating jobs anywhere within it.

As a result, Lexington should not attempt to create or implement an economic development plan in isolation. We must work to involve the public, business, and educational sectors in partnerships to create better conditions for economic growth and employment generation. We should maintain and expand our connections with the County and Buena Vista, as well as the Shenandoah Valley Partnership and the Central Shenandoah Planning District Commission. Finally, any economic development strategy should recognize and respond to the significant restructuring of the economy—away from manufacturing—which has resulted from technological progress and social change.

The following sections identify specific economic development goals, objectives, and strategies; however, each is linked to one overarching goal, noted below:

**OVERALL ECONOMIC GOAL: Capitalize on the City's assets and its unique small town character in order to increase employment opportunities, raise salaries and expand local revenue.**

**RECOMMENDATION: Work with our regional partners on larger scale projects that can create larger numbers of jobs within the region.**

Emphasis on the special quality of life in this area should be a key component of any economic development strategy.

**GOAL: Take advantage of Lexington's strengths.**

Higher education, tourism, medical and professional services; small entrepreneurial businesses; and our successful commercial areas (downtown, East Nelson Street, and South Main Street) represent our core economic strengths. (See Tables 6-2, 6-4, 6-14 and 6-15)

**RECOMMENDATION: Focus on the expansion of existing core economic components.**

**RECOMMENDATION: Continue efforts to improve commercial areas (downtown, East Nelson Street, and South Main Street).**

**RECOMMENDATION: Work with medical and professional services to identify opportunities for expansion.**

**RECOMMENDATION: Encourage the formation of an entrepreneurial council that would serve as a resource for identifying economic development strategies and as a resource for individuals and partnerships interested in new entrepreneurial activities.**

**RECOMMENDATION: Work with the newly formed entrepreneurial council to identify local government barriers to entrepreneurial efforts and work to eliminate those barriers where feasible and logical.**

Because of the limited amount of vacant land remaining for new development, the City should take steps to facilitate and maximize infill development and the reuse and redevelopment of underdeveloped properties. (See the Land Use Chapter for statistics)

**RECOMMENDATION: Ensure new development makes efficient, effective, and architecturally appropriate use of the limited supply of vacant land.**

All economic development efforts should recognize and respond to the significant restructuring of the economy that is following technological change. The majority of recent regional and national growth has been and will continue to be based on new, continuously evolving technology. (See Tables 6-22, 6-24, 6-25, and 6-26)

## **CREATING A NEW ECONOMIC DEVELOPMENT STRATEGY**

**GOAL: The Rockbridge region should develop a focused, coordinated strategy of economic development designed to respond positively to the changing nature of the national economy.**

Our strategy of economic and community advancement must be distinct and future oriented. Additionally, Lexington's success is tied to the success of Buena Vista and Rockbridge County. Collaboration is essential.

**RECOMMENDATION:: Develop and implement strategies by sharing ideas and resources directly with Buena Vista and Rockbridge County, the Chamber of Commerce, other local civic and business groups and the area's colleges and universities.**

**RECOMMENDATION: Create a plan to ensure a diverse blend of industry sectors that a) minimizes the diminishing role of manufacturing, b) uses existing skills, c)**

**facilitates adoption of emerging skills, and d) ensures the region is not overly-reliant on any one industry sector.**

## **INCREASE PARTICIPATION OF AREA COLLEGES AND UNIVERSITIES**

The presence of two undergraduate universities within our borders; Dabney Lancaster Community College and Southern Virginia University in the region; and James Madison University, Radford University, Virginia Tech and the University of Virginia within two hours of Lexington is an untapped resource. The City should leverage these resources.

**GOAL: Each of the area's colleges should be invited to identify means by which it can assist local efforts to stimulate economic development.**

**RECOMMENDATION: Involve W&L and VMI more effectively in fostering and supporting technology-based development through the generation of commercially viable ideas and problem solving for local companies.**

**RECOMMENDATION: Identify mechanisms to attract businesses and organizations that have symbiotic relationships and connections with higher education in Lexington.**

**RECOMMENDATION: Identify mechanisms to attract friends of W&L and VMI with business interests to the region.**

**RECOMMENDATION: Develop initiatives to increase the number of conferences held in Lexington in association with the Universities.**

**RECOMMENDATION: Encourage Dabney S. Lancaster to continue to focus on, improve the quality of, and expand programs and technical courses to train skilled, knowledgeable workers.**

**RECOMMENDATION: Identify influential leaders in Lexington, Buena Vista, and Rockbridge County who understand the means and the mechanisms to forge partnerships with the institutions named in this section.**

## **NON-TRADITIONAL EDUCATION**

The Department of Labor predicts rapid changes in the nature of the job market. It expects growth will be in professional, technical and sales fields requiring the highest education and skill levels. Of the fastest growing job categories, all but one, service occupations, require more than the median level of education, of those growing more slowly than average, none requires more than the median education. Ranking jobs according to skill, rather than education, illustrates the

rising requirements more dramatically. When jobs are rated according to the math, language and reasoning skills they require, only 27 percent of all new jobs fall into the lowest two skill categories while 40 percent of current jobs require these limited skills. By contrast 41 percent of new jobs are in the three highest skill groups compared to only 24 percent of current jobs. (See Tables 6-22, 6-24, 6-25, and 6-26)

As the economy grows more complex and more dependent on human capital, the standards set by our educational system must be raised.

Economic transformation cannot occur unless the workforce is prepared. The best investment in the area of economic development is in education to prepare a technically proficient work force capable of adapting rapidly to evolving technologies.

Additionally, challenges are presented by America's aging population. The Manpower Development Commission report states that "the most important population change will be the drop in the number of young people, ages 18 to 24, who represent new entrants to the labor force. This means that the workforce will age and a growing percentage will be 45 years old and over. The education and skills of those currently in the workforce will therefore assume greater importance in determining the competitive position of the South's economy in the next decades."

**RECOMMENDATION: Improve the educational preparation and job skills of all workers.**

**RECOMMENDATION: Partner with educational institutions and appropriate agencies, such as the Virginia Employment Commission, to provide training opportunities for older workers to ensure they remain employable.**

**RECOMMENDATION: Increase the quality and quantity of training provided the current workforce, expanding the focus of education reform to include education for adults.**

**RECOMMENDATION: Encourage public and private partnerships to develop adult education and training programs that respond to new demands of current and emerging jobs.**

## **THE TECH PREP PROGRAM**

Tech Prep in Virginia develops career pathways or programs of study that begin in high school and continue through an associate or baccalaureate degree, a journeyman's license, a post-secondary level industry certification, or a state license. Tech Prep programs are designed to prepare the emerging workforce for higher education and entry into high wage, high demand, or high skills career fields.

Tech Prep in Virginia is a federally funded grant program administered by all 23 community colleges in the Commonwealth on behalf of local consortia comprised of secondary and postsecondary education partners, local employers, and regional economic and workforce development entities. In Rockbridge County, the Tech Prep Program is a partnership between Rockbridge and Parry McCluer High Schools and Dabney S. Lancaster Community College. Tech Prep Career Pathways serve Career and Technical Education (CTE) students from high school through community college or an apprenticeship. Tech Prep students are initially identified as high school CTE students enrolled in a dual-enrollment course. CTE provides a collaboration between career/technical and academic disciplines at the high school and post secondary levels.

The program involves a four to six year program of study that begins in high school and ends with a postsecondary credential, such as an associate or baccalaureate degree. Each Tech Prep Career Pathway contains academic and CTE courses at the secondary and postsecondary level. All Tech Prep Career Pathways prepare participants for high demand occupational fields, such as Engineering Technology, Allied Health, and more. Tech Prep programs are aligned with national career clusters and pathways.

Additional features of the Tech Prep program include college credits through dual-enrollment, early college placement testing, certifications and licensures, business-based learning including internships, cooperative education, and career coaching.

### **DABNEY S. LANCASTER COMMUNITY COLLEGE (DSLCC)**

Community colleges are our best hope for retooling the current workforce. They can translate employers' changing needs into effective training for workers.

Local companies currently work with DSLCC to identify and certify curricula that help students meet basic job requirements. Successful completion of certified courses of study enables employees to transfer their basic skills, as job demands change. Worker training remains a core mission for DSLCC.

Beyond the traditional college offering, DSLCC offers dual-enrollment in high school/community college classes, on-site at area high schools. High school juniors and seniors can enroll, jointly, in math, English, science, and social science courses to complete high school graduation requirements and the foundation of a liberal arts degree. Local students have been able to graduate from high school with their first-year college requirements already completed.

**RECOMMENDATION: Encourage area businesses to explore partnerships for job/skill training with DSLCC.**

**RECOMMENDATION: Encourage area high school students to participate in dual-enrollment courses through DSLCC.**

**RECOMMENDATION: Partner with DSLCC to identify the most significant skills/knowledge needed in existing and emerging workforces and to offer basic courses to area residents.**

## **MIDDLE COLLEGE**

The Middle College Program is an initiative of the Virginia Community College System (VCCS) designed to offer educational opportunities for individuals who have not completed high school. Individuals without a high school degree can increase their income and employability by simultaneously pursuing a GED, community college education, and a workforce certification in a college environment. The program offers targeted remedial courses, access to workforce readiness courses, enrollment in community college courses applicable to a degree or industry-based certificate, and comprehensive support services. (See Figure 6-2, Table 6-10)

Currently 8 community colleges in Virginia have established programs. These programs demonstrate the success of this educational model:

- over 70% of active students have received a GED
- Over 50% of GED completers are enrolled in a post-secondary education program
- Nearly 60% of the GED completers earned a Career Readiness Certificate

**RECOMMENDATION:: Establish a Middle College as part of Dabney S. Lancaster Community College specifically to serve the Cities of Lexington and Buena Vista and the County of Rockbridge.**

## **KEY ECONOMIC SECTORS AND STRATEGIES**

### **Tourism**

The City is a partner in a well-respected, high quality regional tourism development program. Support for this program must continue. And, Lexington must do its part by making the City even more attractive to visitors. This is essential, given informal discussions concerning moving the visitors' center closer to the Interstate when the Center's current lease expires. The City must make the strongest possible case for keeping the visitors' center within Lexington.

**GOAL: Ensure that the Visitors' Center remains in downtown Lexington with convenient parking for all types of vehicles.**

**RECOMMENDATION: Continue emphasis on friendly, welcoming customer relations on the part of all of our businesses and citizens.**

**RECOMMENDATION: Improve signage to improve the experience for those visiting Lexington.**

**RECOMMENDATION: Continue the focus on the attractiveness of downtown Lexington and the entrance corridors.**

**RECOMMENDATION: Expand outdoor and recreational activities available in this region.**

### **Small Businesses**

Small, entrepreneurial businesses, whether located in the downtown area or in individual homes, have been a major component of Lexington's economy since the beginning of our community. Small businesses are a significant source of income and jobs if properly encouraged. Recent studies have shown that the largest component of job growth has been the development and expansion of local small businesses.

Three focus groups composed of small business owners and local entrepreneurs were convened in 2010 to assist the City in updating its economic development plans. Each group was asked to discuss four questions:

- What are the advantages of doing business in and around Lexington?
- Are there any barriers to doing business that the City could or should assist in removing?
- What one or two things do you feel that the City could or should do to enable a business such as yours to survive and thrive?
- What advice would you offer the Planning Commission and City Council on strengthening Lexington's economy?

Their responses suggest that the City should continue active dialog with local entrepreneurs in order to understand better the effect that governmental decisions and regulations have on creating and expanding Lexington's businesses. The Chamber of Commerce can be a good tool for this communication, but direct focus groups should also be used. Periodic surveys of local small businesses can also provide useful information and identify ways that the community can support and encourage small business growth. (See Appendix 1: Summary of "Economy" Focus Groups, Page 6-54.)

People starting new businesses or operating existing small businesses need to know much more than how to produce a product or provide a service. They must develop knowledge of business planning, finance, marketing, and many aspects of the law including employment, taxation, safety at work, environmental standards, and more. Providing access to training and support can

help business owners access better basic knowledge. To conserve resources, local government should support the provision of these services rather than providing them directly. James Madison University's Small Business Center is one possible source for this type of training. Dabney Lancaster could develop an increased emphasis in this area as well.

**RECOMMENDATION: Develop strategies to assist in developing businesses, including start-up technical assistance, financing mechanisms, and health insurance options.**

**RECOMMENDATION: Identify and organize workshops and training programs to provide technical advice on business management.**

**RECOMMENDATION: Provide information about and links to online programs offering assistance to emerging and expanding small businesses.**

There are a number of online programs offered by State and regional economic development organizations which provide differing types of assistance to emerging and expanding small businesses.

**RECOMMENDATION: Create a small business page on both the City and Chamber of Commerce web sites.**

The City's web site should guide local entrepreneurs through the steps required to open a business in Lexington. This site could also provide links to the small business oriented web sites, available throughout the region and the state, which provide many forms of assistance for new and expanding businesses.

**RECOMMENDATION: Evaluate and revise local regulations to support small business creation.**

Continue discussions with existing and potential small business owners to determine if any of the City's regulations and requirements pose unnecessary difficulties in creating and operating their enterprises. For instance, the City's current home based business regulations forbid anyone other than members of the immediate family from working in the home. Other jurisdictions have liberalized these regulations to let a limited number of employees (typically 1 or 2) to work in the home.

**RECOMMENDATION: Provide access to financial advice and assistance for small start-up businesses.**

One of the biggest challenges for small business, especially for those just starting up, is access to capital. Access has become even more difficult because of the current recession. The City



should create opportunities to talk with local businesses about financing. The City should also meet with local bankers to get their perspectives on how best to facilitate increased funding.

**RECOMMENDATION: Facilitate the creation of a “micro-enterprise” small loan program.**

Some Cities have created small grant and loan programs to provide investment to suitable businesses startups. These might be at least partially funded by grants available from the Virginia Department of Housing and Community Development to set up and operate “micro-enterprise” small-loan programs.

**RECOMMENDATION: Facilitate the creation of business mentoring programs**

Linking new and established small business owners provides benefits to both groups. Networks of mentors and businesses can create additional benefits by developing supplier linkages, establishing critical mass for employee training, and more.

### **“Buy local” Programs**

When residents buy from a locally owned business rather than a national chain, significantly more money remains in the community and more of it is used to make purchases from other businesses and service providers, strengthening the economic base of the community. A recent analysis found that local merchants generated more than 3 times the local economic activity of competitive chain stores on equal revenue.

Lexington’s special small businesses are an integral part of our distinctive character. In an increasingly homogenized world, entrepreneurs and skilled workers prefer to invest and to settle in communities that honor local businesses’ distinctive characteristics.

**RECOMMENDATION:: Actively support and participate in the Chamber of Commerce’s “Locally in Lexington Program,” a shop locally program focusing on the downtown.**

## **BUILD A TECHNOLOGY-BASED ECONOMIC SECTOR**

Our local economic development efforts should try to capture some of the growth being driven by technology.

**Goal: The City should employ a mix of economic development strategies to build a local “niche” in the high-tech economy.**

**RECOMMENDATION: Invest in broadband and other telecommunications infrastructure necessary for technology development.**

Adequate broadband capacity is a prerequisite for growth in the Information Technology sector. The City should continue to partner with the rest of the region through the Rockbridge Area Network Authority (RANA) to create an affordable high speed fiber optic connection to each business and residence in the City.

**RECOMMENDATION: Focus on “grow your own” strategies for technology development.**

As in other economic development strategies, local entrepreneurial development deserves more attention than recruiting and marketing based strategies. Strategies for accomplishing this have previously been identified and discussed in the “Small Businesses” section.

**RECOMMENDATION: Promote awareness of strides the Lexington area is taking in technology.**

Lexington can achieve some of the benefits of new technologies even before they are a reality. Businesses, entrepreneurs, and professionals will be more favorably disposed toward the Rockbridge area if they are aware of Lexington’s (and the area’s) commitment to broadband communications, solar power development, and other cutting-edge technologies.

## **REGIONAL COORDINATION**

Recognizing that creating jobs is inherently a regional issue, the City must work closely with Rockbridge County and the City of Buena Vista to coordinate our activities and to mutually support projects which will provide jobs for our region. The creation of the Rockbridge Area Network Authority, RANA, to provide affordable high speed access to all citizens is an example of this type of cooperation.

**RECOMMENDATION: Staff from these localities should meet on a regular basis to exchange information about our individual efforts.**

**RECOMMENDATION: The City should also continue its membership in the Shenandoah Valley Partnership.**

While the direct benefit of this organization to Lexington is not great, membership keeps us updated on regional activities throughout the Valley.

## **ECONOMIC BASE ANALYSIS - ANOTHER WAY TO THINK ABOUT LEXINGTON'S ECONOMY**

Economic base technique (EBT) is a widely used method for evaluating specific characteristics of a local economy. EBT assumes that any local economy can be divided into two sectors: (1) a "basic" or "exporting from the region" sector and (2) a "non-basic" or "service to the region" sector. Basic activities consist of industries which export most of their goods and services outside of the defined study area, thereby importing income into the area.

The technique assumes that local firms that export are the prime cause of local economic growth and the "economic base" of the local economy. Expansion of these activities generate more income for the locality and increase growth in all economic sectors. The local sector provides goods and services for and within the local community, depending on dollars already within the community.

A region's economy is strong when it exports more goods and services than it imports. The basic sector, generally, includes exporting firms such as mining and manufacturing enterprises (and often agriculture), federal and state government, and local firms that sell to tourists and temporary community residents, such as college students.

The non-basic sector consists of firms which provide goods and services primarily for consumption within the defined study area and are largely dependent on local economic conditions. Retail trade, local service industries, and local government activities are examples of supporting sector activity.

A "location quotient" (LQ) is used to analyze the strengths of an area's exports and imports by types of industries. Location Quotients are calculated for all industries to determine whether or not the local economy has a greater share of each industry than expected when compared to the national economy. Thus the location quotient method compares local employment to national employment. The LQ provides evidence for the existence of basic employment in a given industry for the local economy. A location quotient of 1.0 is indicative of a self-sufficient economic sector. Industries whose ratios are greater than unity (1.0) are regarded as export industries. These industries bring new money into the community. A LQ that is equal to 1 suggests that the local employment is exactly sufficient to meet the local demand for a given good or service. An LQ of less than 1 suggests that local employment is less than expected for a given industry. All of this employment is considered non basic, meeting only local demand.

Comparing a region's LQ with national norms is an exercise that can be very revealing. For example, comparing manufacturing LQ's for Rockbridge County and Buena Vista would reveal that those localities are disproportionately reliant on manufacturing when compared to national figures. Conversely, Lexington's manufacturing LQ would reveal that the City, proper, would feel little downside to a localized decline in manufacturing. A similar comparison, within education, suggests that should Virginia withdraw State funding for higher education or should

the trend to online education become greater, Lexington's economic base would be in peril while Rockbridge County would remain, to a great extent, untouched.

Table 6-1 shows the major industry sectors and their respective location quotients or LQ's. [Note: Caution should be exercised in using the location quotient technique to identify certain industries. Local industries such as hotels, forestry, or state and federal government may be dependent largely on non-local factors and can be assumed to be entirely basic, regardless of the location quotient value. Other industries such as local government may have a location quotient greater than 1.0 and be entirely dependent on the local economy.]

This chapter does offer sufficient opportunity to provide for a robust Economic Base Analysis; however, economic development planning would be greatly informed by such analysis.

**Table 6-1  
Location Quotients  
Lexington, Buena Vista, Rockbridge County  
2008**

<b>Industry</b>	<b>Lexington</b>	<b>Rockbridge County</b>	<b>Buena Vista</b>
<b>Natural Resources and Mining</b>	ND	2.33	ND
<b>Construction</b>	.53	.99	ND
<b>Manufacturing</b>	ND	3.69	3.44
<b>Trade, Transportation and Utilities</b>	.55	1.06	.63
<b>Information</b>	.45	.18	ND
<b>Financial Activities</b>	.73	.35	.43
<b>Professional and Business Services</b>	.20	.19	.29
<b>Education and health Services</b>	3.36	.21	2.66
<b>Leisure and Hospitality</b>	1.67	1.93	.49
<b>Other Services</b>	1.27	.58	ND
<b>Unclassified</b>	NC	NC	NC
Footnote: (ND) Not disclosed; (NC) Not Calculated			
Location Quotient: Ratio of analysis-industry employment in the analysis area to base-industry employment in the analysis area divided by the ratio of analysis-industry employment in the base area to base-industry employment in the base area.			

Source: Bureau of Labor Statistics, Quarterly Census of Employment Wages, 2008

In Lexington the major basic sectors are education and health services (LQ 3.36), leisure and hospitality (LQ 1.67), and other services 1.27. In Rockbridge County the LQ for natural resources and mining (this category includes agriculture and farming) is 2.33; manufacturing is 3.69; trade, transportation and utilities is 1.06; and leisure and hospitality is 1.93. In Buena Vista manufacturing is 3.44 and education and health services is 2.66.

Lexington's location quotients for education, health services, and leisure and hospitality are not surprising. They do, however, reinforce the importance of Washington and Lee University, Virginia Military Institute, Stonewall Jackson Hospital and its related medical services, and tourism to the local economy.

**OBJECTIVE: Work with W&L and VMI Departments of Economics and W&L's School of Commerce to identify faculty and students capable of conducting and interpreting a full Economic Base Analysis.**

## **EVALUATION OF AVAILABLE DATA CONCERNING THE LOCAL ECONOMY**

Among the indicators useful for analyzing local economic conditions are population trends, income for families and individuals, work force data, employment information, retail sales, and bank deposit information.

The most current figures for many of these indicators are provided by the 2000 Census, The University of Virginia's Weldon Cooper Center for Public Service, the Central Shenandoah Planning District Commission's Regional Data Base and the US Census Website. The most current information is reported.

As was noted in the Population and Demographics chapter of this plan, the presence of over 2,000 students who attend college in the City distorts some of the available data. These influences will be noted in the text describing and interpreting that data.

### **MAJOR ECONOMIC SECTORS IN LEXINGTON AND THE ROCKBRIDGE AREA**

#### **Higher Education**

Stated simply, higher education is an important economic driver in Lexington. The Rockbridge-Buena Vista-Lexington area has four major institutions of higher education. Virginia Military Institute (VMI), and the Washington and Lee University (W&L) are located in Lexington. Southern Virginia University and Dabney S. Lancaster Community College are located in Buena Vista.

Virginia Military Institute, a four year undergraduate college, has a current enrollment of 1,500 cadets, all of whom live in barracks on post. The Institute has approximately 700 employees, including subcontractors.

Washington and Lee University, a four year undergraduate university with a graduate law program, has approximately 2,150 students, 80 percent of which are undergraduate students while 20 percent are law school students. The University employs approximately 900 people.

Southern Virginia University, a four year college, had an enrollment of 645 students in fall of 2009. The university is one of the largest employers in Buena Vista, with more than 150 part and full-time employees.

There are 1,589 students enrolled at Dabney S. Lancaster Community College. Five hundred ten (510) of those students take classes at the Rockbridge Regional Center located in Buena Vista. 35.8% of DSLCC students are residents of the local area.

These institutions provide significant economic benefits: increased demand for trade and services generated by students, employment, and cultural enrichment.

## **Tourism**

Travel and tourism also contribute to the area's economic vitality; both have become a major activity especially in Lexington, with its many historic attractions. Tourists also gravitate to Rockbridge County, especially Natural Bridge, Goshen Pass and two National Forests. Buena Vista benefits from its proximity to the Blue Ridge Parkway. Lexington, Buena Vista, and Rockbridge County all benefit from traffic along Interstates 64 and 81 that pass through the area and from visitation associated with the Virginia Horse Center, Washington and Lee University, Virginia Military Institute, and Southern Virginia University.

The Rockbridge area offers numerous and diverse attractions for residents and travelers alike. The southern portion of the County offers Natural Bridge of Virginia, Virginia Safari Park, and Natural Bridge Speedway and Drag-strip.

Historic Lexington and the Virginia Horse Center are in the County's center. Vista Links Golf Course is located nearby in Buena Vista. Hull's Drive-In Movie Theater, one of the few remaining in the country, is located just north of Lexington.

Northern Rockbridge offers Cyrus McCormick's Farm, Rockbridge Vineyards, and Wades Mill. The Blue Ridge Parkway, one of the most visited National Parks in the Country, winds along the County's eastern border.

Western Rockbridge County is home to Goshen Pass, where the Maury River begins its journey to the James River at Glasgow. The natural beauty of the area and its many cultural and recreational offerings, combined with a good highway system, ample lodging (nearly 2,000 rooms) and a growing commercial sector, have made Rockbridge County and the Cities of Buena Vista and Lexington desirable destinations for visitors.

Tourism is a source of significant revenue for the region. According to the Virginia Tourism Corporation, Lexington's meal and lodging tax produced \$727,869 in taxes for 2005 and \$803,607 in taxes for 2008. Rockbridge County's lodging tax generated \$914,290 in 2005 and increased to \$1,121,857 in 2008. The meals tax revenues in 2005 were \$1,126,412 and \$1,257,675 in 2008. Buena Vista's meals and lodging tax produced \$153,082 in 2005; this figured increased to \$197,797 in 2008.

This tax, which was three percent in 1986, is now four percent. Additionally, there are approximately 325 persons employed in food and lodging establishments in Lexington, 915 in Rockbridge County, and 40 in Buena Vista. There are approximately 90 accommodation-and-service related businesses in Rockbridge, 39 in Lexington and an additional 18 in Buena Vista. In 2008, travelers and tourists spent \$3,435,699 in Buena Vista, \$29,153,194 in Lexington and

\$103,765,085 in Rockbridge County. The total amount spent by travelers comprises a significant part of the area's economy.

**TABLE 6-2  
TOURISM  
2008**

	<b>ROCKBRIDGE COUNTY</b>	<b>BUENA VISTA</b>	<b>LEXINGTON</b>	<b>TOTAL AREA</b>
<b>Total Travel Expenditures</b>	\$103,765,085	\$3,435,699	\$29,153,194	\$136,35,978
<b>Travel-Generated Payroll</b>	\$16,340,396	\$754,718	\$5,627,935	\$22,723,049
<b>Travel-Generated Employment</b>	916	39	326	1,281
<b>State Tax Receipts</b>	\$4,625,425	\$137,963	\$1,162,567	\$5,925,955
<b>Local Tax Receipts</b>	\$2,397,647	\$96,224	\$1,052,328	\$3,546,199

SOURCE: Virginia Tourism Corporation, 2008.

## **Manufacturing**

At the close of the second quarter of 2008, 1,880 manufacturing jobs remained in Rockbridge County. They represent 27.3% of all County jobs and manufacturing is the largest employment sector in Rockbridge County. At 589 jobs, manufacturing provides 24.9% of Buena Vista's jobs but was not the largest employment sector in that locality. Lexington had 31 manufacturing jobs, only .6% of our employment.

As manufacturing continues to be sent to off-shore locations, the number of manufacturing jobs in the area will continue to decline both in real numbers and as a percentage of all jobs. It should be noted that in 2008, 8.7% of the national civilian workforce is employed in manufacturing (Bureau of Labor Statistics). In 2007, while US manufacturing accounted for 22% of world manufacturing, manufacturing accounted for only 11.7% of the U.S. GDP (Bureau of Economic Analysis, Commerce Department). This suggests that both Rockbridge County and Buena Vista rely disproportionately on manufacturing and remain, as a result, at increased risk should manufacturing sectors shrink further.

## **Services**

In Rockbridge, the service sector employed 1,826 persons, or 26.5% of those employed in the County. Service for the area employed 4,392 persons (35.3 %) for the quarter. In Lexington the service sector employed 3,027 persons (59%). Service was the largest employer in Buena Vista, employing 950 persons and constituting 37.8% of the work force. These statistics are not good



news for the City's economy, since persons employed locally in the service sector were paid less than the average for the State.

## **Trade**

In 1990, 2,829 persons were employed in trade, including retail and wholesale trade, in the Rockbridge region. This accounted for 19.8 percent of the total work force.

Table 6-3, "Measures of Wholesale Trade, 2002 and 1997," suggests that Lexington is now the major center of wholesale activity in the area, but wholesale trade has declined overall. Since 1982, Rockbridge County has lost nine wholesale businesses, Lexington has lost eight and Buena Vista has gained one.

Retail sales have been stronger in the Rockbridge-Buena Vista-Lexington area than the wholesale trade. As Table 6-4 depicts, 147 retail trade businesses in the area in 2002 represents a decrease from 240 in 1987. The decrease occurred in all three localities, with the majority being lost by Rockbridge County. On the positive side, Rockbridge County gained 17 new retail businesses since 2002, bringing the total to 62 as of June 30, 2010.

Significantly, per capita sales have increased from \$5,788,000 in 1987, to \$9,406,000 in 2002. Indeed, Lexington's per capita sales went from \$12,414,000 to \$15,836,000.

**TABLE 6-3**  
**MEASURE OF WHOLESALE TRADE**  
**2002**

	NUMBER OF BUSINESSES	TOTAL SALES (000)	PER CAPITA SALES	TOTAL PAYROLL (000)
ROCKBRIDGE	6	*	*	*
BUENA VISTA	1	*	*	*
LEXINGTON % OF STATE	10 .10%	30,705 .04%	444	2,345 .05%
AREA % OF STATE	17.22%		*	*
STATE	7,712	69,267,796	950	4,503,110

**MEASURE OF WHOLESALE TRADE**  
**1997**

	NUMBER OF BUSINESSES	TOTAL SALES (000)	PER CAPITA SALES	TOTAL PAYROLL (000)
ROCKBRIDGE % OF STATE	10 .13%	**	**	**
BUENA VISTA % OF STATE	2 .03%	**	**	**
LEXINGTON % OF STATE	5 .06%	16,904	235	1,354
AREA % OF STATE	17 .22%	***	***	***
STATE	7,868	61,046,705	16,904	3,784,428

Source: 2002 Economic Census "Wholesale Trade Sales".

Note: \* Data withheld, taxable sales is suppressed for confidentiality.

**TABLE 6-4**  
**MEASURE OF RETAIL TRADE**  
**2002**

	NUMBER OF BUSINESSES	TOTAL SALES (000)	PER CAPITA SALES	TOTAL PAYROLL (000)
ROCKBRIDGE	45	171,961	8,246	15,172
BUENA VISTA	26	39,020	6,197	1,250
LEXINGTON	76	109,283	15,836	10,225
AREA	147	320,264	9,406	26,647
STATE	28,914	80,509,062	11,069	401,921

**MEASURE OF RETAIL TRADE**  
**1997**

	NUMBER OF BUSINESSES	TOTAL SALES (000)	PER CAPITA SALES	TOTAL PAYROLL (000)
ROCKBRIDGE	79	165,330	8,486	13,927
BUENA VISTA	32	33,184	5,128	3,544
LEXINGTON	68	108,877	15,139	9,633
AREA	179	307,391	9,274	27,104
STATE	29,032	62,569,924	9,213	6,202,575

Source: 2002 Economic Census "Retail Trade Sales"

An examination of taxable sales reveals fluctuations in economic activity in the Rockbridge, Buena Vista, Lexington region in the past 15 years. Rockbridge has experienced the greatest growth: in 1993, total taxable sales were \$115,062,762. By 2008 that figure increased by \$97,596,150 to \$212,658,912. Lexington City's taxable sales increased from \$38,950,462, in 1993 to \$49,671,674, in 2008, over a ten-million dollar increase in taxable sales for the city. Buena Vista City's taxable sales decreased from \$24,363,835 in 1993 to \$24,344,454 in 2008.

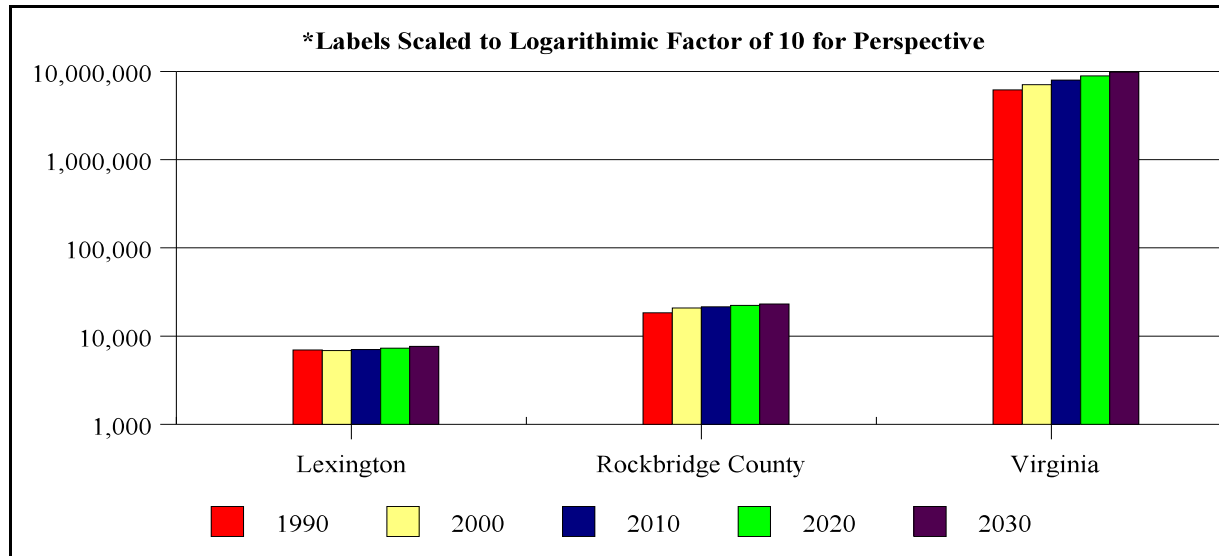
These figures offer insight into the changing nature of retail sales in the region. In part, they reflect the appearance and influence of big box retailers, including WalMart and Lowe's located in the county on the periphery of the City. These changes have reduced retail sales in Buena Vista. Lexington has dealt effectively with an initial loss of major downtown retailers by emphasizing the character and qualities which make its shopping area unique. Boutiques, restaurants, and specialty shops have replaced the configuration of regional department stores, hardware store, shoe stores and other resident-oriented businesses that once existed downtown.

## **POPULATION**

Population trends and projections for are presented graphically in Figure 6-1 and in data format in Table 6-5 for Lexington, Rockbridge County and the Commonwealth of Virginia. Both Lexington and Rockbridge County have grown and are anticipated to continue to grow at rates significantly less than for the Commonwealth as a whole.

The highest percentage of the total population is within the age groups of from 15 to 19 and 20 to 24. Within these age groups, the population is predominantly male; this anomaly can be explained by the presence of Virginia Military Institute which accepts female students but remains predominantly male. (Chapter 4: Population and Demographics provides further insight into student populations.)

**FIGURE 6-1**  
**TABLE 6-5**  
**POPULATION CHANGE & POPULATION PROJECTIONS**  
**LEXINGTON, ROCKBRIDGE COUNTY, & VIRGINIA**  
**2000-2030\***



	Lexington		Rockbridge County		Virginia	
	Population	% Change	Population	% Change	Population	% Change
<b>1990</b>	6,959		18,350		6,187,358	
<b>2000</b>	6,867	-1.32%	20,808	13.40%	7,078,515	14.40%
<b>2010</b>	7,055	2.74%	21,514	3.39%	8,010,239	13.16%
<b>2020</b>	7,315	3.69%	22,270	3.51%	8,917,396	11.32%
<b>2030</b>	7,664	4.77%	23,114	3.79%	9,825,019	10.18%

Source: US Census Bureau, Virginia Employment Commission

## WAGES

There are various forms of income ranging from income producing property to investment income to earned income. The most accurate assessment of a community's economic health is found in evaluation of all income, income sources, and assets; however, that is beyond the scope of this chapter. While less robust, a, still, useful measure of Lexington's economic well-being is obtained when considering earned income for Lexington, Buena Vista, and Rockbridge County. The following begins a comparison of adjusted gross income.

### Adjusted Gross Income

Adjusted gross income is the calculation of an individual's income tax liability. It is calculated by taking an individual's gross income and subtracting the income tax code's enumerated deductions.

The 2006 median adjusted gross income figures for the Rockbridge County-Buena Vista-Lexington area were lower than the State median for both individuals and married couples. Lexington and Rockbridge County had similar income figures. Those for Buena Vista were significantly less.

**Table 6-6**  
**Median Adjusted Income**  
**1997-2007**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Virginia	48,078	50,849	53,745	56,530	57,619	57,924	59,205	62,109	67,160	70,335	72,637
Lexington	43,190	45,466	48,205	52,238	51,339	51,516	50,927	56,826	62,931	66,765	70,597
Buena Vista	35,648	37,839	38,426	40,412	39,930	40,782	38,810	41,391	43,049	44,055	44,051
Rockbridge County	35,611	37,389	39,123	41,252	41,595	42,011	42,741	45,149	49,875	52,015	54,841

Source: Weldon Cooper Center for Public Service & Central Shenandoah Planning District Commission

## Per Capita Personal Income

Per capita income for the area has grown faster than the rate of inflation, indicating that incomes have increased in real-dollar terms.

**Table 6-7**  
**Per Capita Personal Income**  
**2000-2008**

Region	2000	2001	2002	2003	2004	2005	2006	2007	2008
Lexington-Buena Vista-Rockbridge Co.	22,107	23,345	24,302	25,768	27,445	28,446	30,457	30,546	32,348

Source: Weldon Cooper Center for Public Service & Central Shenandoah Planning District Commission

## Wages

The average weekly wage for various categories of employment are presented in Table 6-8. Wages for the region and its jurisdictions are typically well below the averages for the state.

**Table 6-8**  
**Average Weekly Wage per Worker**  
**(By Place of Work)**  
**1<sup>st</sup> Quarter 2010**

<b>Category</b>	<b>Lexington</b>	<b>Buena Vista</b>	<b>Rockbridge County</b>	<b>State of Virginia</b>
Agriculture, Forestry, Fishing and Hunting			\$347	\$503
Mining, Quarrying, and Oil and Gas Extraction*				\$1,178
Utilities			\$1,118	\$2,036
Construction	\$599	\$500	\$546	\$831
Manufacturing	\$292	\$690	\$642	\$950
Wholesale Trade*		\$1,134	\$449	\$1,247
Retail Trade	\$348	\$368	\$384	\$458
Transportation and Warehousing			\$637	\$783
Information	\$400		\$1,235	\$1,618
Finance and Insurance	\$1,176	\$554	\$714	\$1,624
Real State, Rental and Leasing	\$382	\$249	\$283	\$807
Professional, Scientific, and Technical Services	\$540	\$451	\$754	\$1,671
Management of Companies and Enterprises				\$2,224
Administrative and Support and Waste Management	\$196	\$382	\$461	\$641
Educational Services*			\$397	\$788
Health Care and Social Assistance	\$603	\$324	\$526	\$755
Arts, Entertainment, and Recreation	\$314		\$314	\$464
Accommodations and Food Services	\$239	\$261	\$239	\$296
Other Services (Except Public Administration)	\$580	\$327	\$433	\$678
Government Total	\$767	\$741	\$656	\$1,031
Federal Government	\$880	\$933	\$606	\$1,500
State Government	\$860	\$738	\$791	\$838
Local Government	\$561	\$553	\$570	\$755
Unclassified				\$721
All Industries	\$663	\$519	\$501	\$932

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, 1<sup>st</sup> Quarter 2010

Note: \* Data withheld, included in total



## **LABOR FORCE**

The US Labor Force is defined as those people over the age of 16 employed in non-military jobs.

Information is provided below concerning the size of the labor force, educational attainment, and commuting patterns

### **Size of the Labor Force**

**TABLE 6-9**  
**Rockbridge Region**  
**Size of Labor Force**

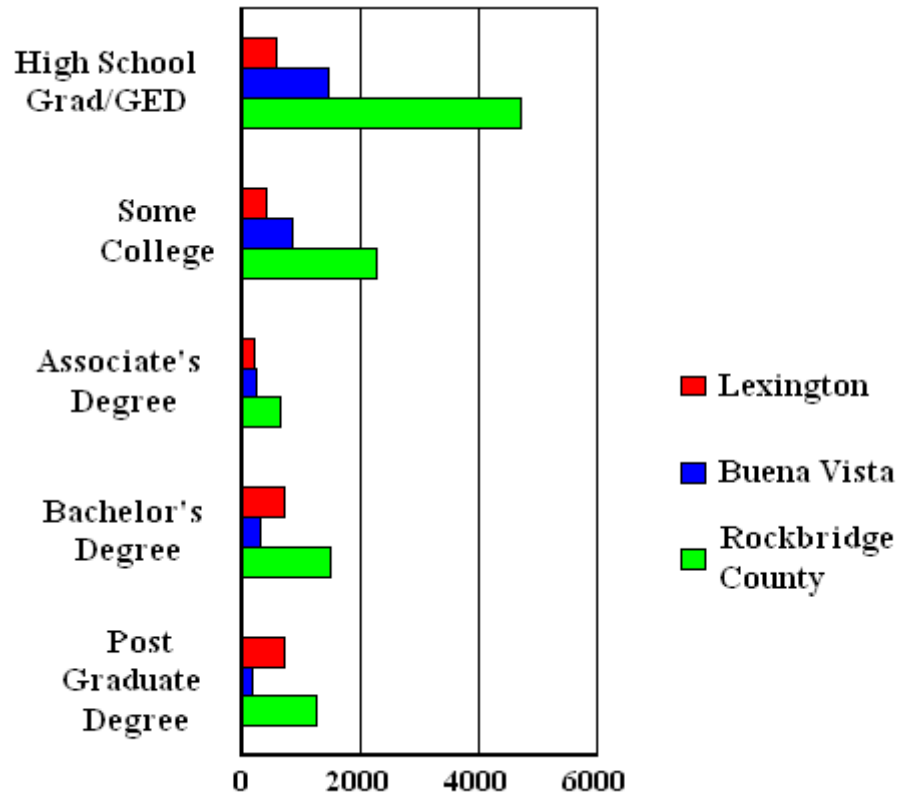
**2005 & 2009**

<b>2005</b>	<b>2009</b>
11,426	10,998

Source: American Community Survey, U.S. Census Bureau

## Education

**Figure 6-2**  
**Educational Attainment**  
**Population Aged 25 Years and Over**



**Table 6-10**  
**Educational Attainment**  
**Population Aged 25 Years and Over**

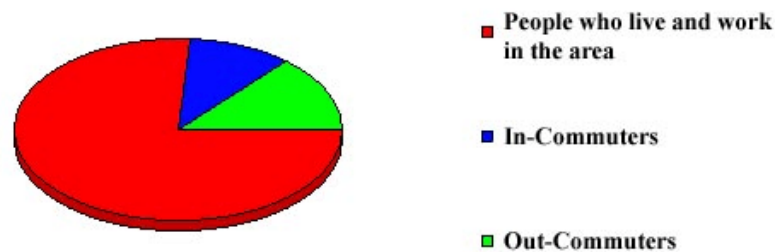
	Lexington	Buena Vista	Rockbridge County
High School Grad/GED	567	1,446	4,708
Some College	386	832	2,261
Associate's Degree	180	210	638
Bachelor's Degree	692	281	1,486
Post Graduate Degree	708	164	1,236

Source: 2000 Census

## Commuting Patterns

The fact that there are more out-commuters than in-commuters suggests that there are more workers in the region than there are jobs. Over 500 people go outside the County for work.

**Figure 6-3**  
**Commuting Patterns**  
**Rockbridge County Area**



**Table 6-11**  
**Commuting Patterns**  
**Rockbridge County Area**

Rockbridge Region Commuting Patterns 2000		
People who live and work in the area	12,757	76.2%
In-Commuters	1,718	10.3%
Out-Commuters	2,273	13.6%
Net Out-Commuters (In-Commuters minus Out-Commuters)	555	1.35%

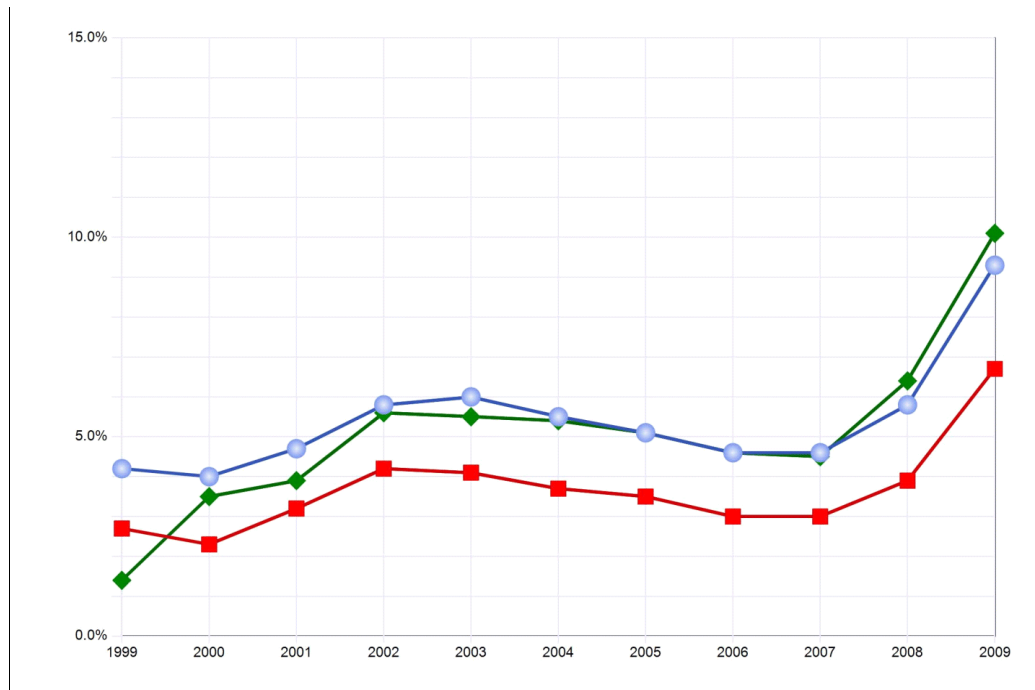
Source: Virginia Employment Commission, 2000 Census

## **UNEMPLOYMENT RATES**

Unemployment trends and rates are presented in the following figures and tables.

Unemployment within the Commonwealth as a whole has been significantly lower than for the nation as a whole during the current recession. The same cannot be said for unemployment within the City, which exceeds that of the State; moreover, local unemployment has not fallen as quickly as unemployment in the country as a whole.

**Figure 6-4**  
**UNEMPLOYMENT RATE TRENDS**  
**Lexington, Virginia, United States**  
**1999 - 2009**

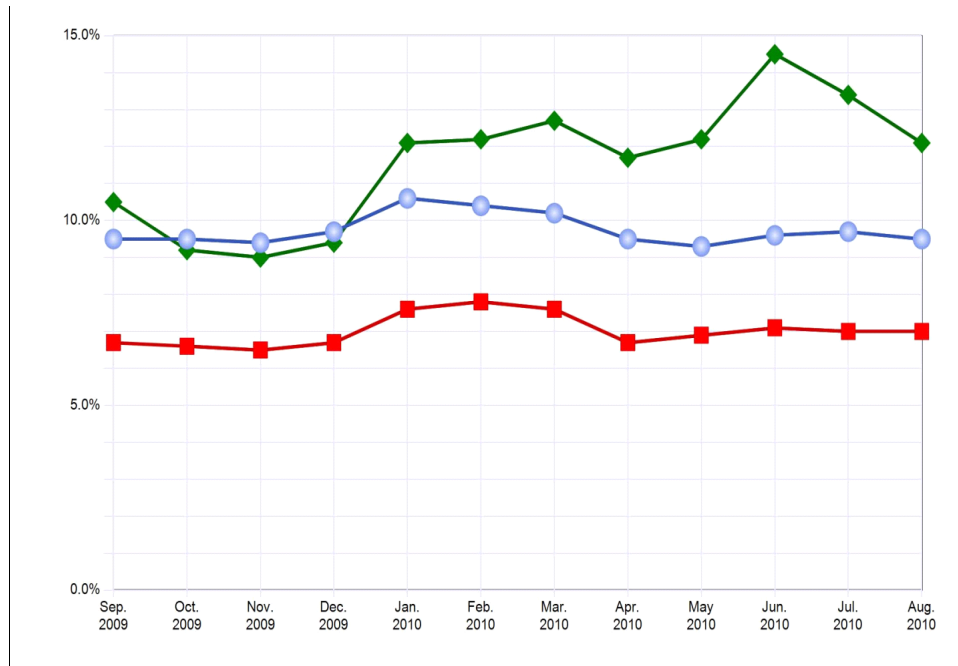


**Table 6-12**  
**UNEMPLOYMENT RATE TRENDS**  
**Lexington, Virginia, United States**  
**1999 - 2009**

	Lexington City <span style="color: green;">◆</span>	Virginia <span style="color: red;">■</span>	United States <span style="color: blue;">●</span>
<b>1999</b>	1.4%	2.7%	4.2%
<b>2000</b>	3.5%	2.3%	4.0%
<b>2001</b>	3.9%	3.2%	4.7%
<b>2002</b>	5.6%	4.2%	5.8%
<b>2003</b>	5.5%	4.1%	6.0%
<b>2004</b>	5.4%	3.7%	5.5%
<b>2005</b>	5.1%	3.5%	5.1%
<b>2006</b>	4.6%	3.0%	4.6%
<b>2007</b>	4.5%	3.0%	4.6%
<b>2008</b>	6.4%	3.9%	5.8%
<b>2009</b>	10.1%	6.7%	9.3%

Source: Virginia Employment Commission, Local Area Unemployment Statistics

**Figure 6-5**  
**UNEMPLOYMENT RATE TRENDS**  
**Lexington, Virginia, United States**  
**September 2009 - August 2010**



**Table 6-13**  
**UNEMPLOYMENT RATE TRENDS**  
**Lexington, Virginia, United States**  
**September 2009 - August 2010**

	Lexington City <span style="color: green;">◆</span>	Virginia <span style="color: red;">■</span>	United States <span style="color: blue;">●</span>
<b>September 2009</b>	10.5%	6.7%	9.5%
<b>October 2009</b>	9.2%	6.6%	9.5%
<b>November 2009</b>	9.0%	6.5%	9.4%
<b>December 2009</b>	9.4%	6.7%	9.7%
<b>January 2010</b>	12.1%	7.6%	13.6%
<b>February 2010</b>	12.2%	7.8%	10.4%
<b>March 2010</b>	12.7%	7.6%	10.2%
<b>April 2010</b>	11.7%	6.7%	9.5%
<b>May 2010</b>	12.5%	6.9%	9.3%
<b>June 2010</b>	14.5%	7.1%	9.6%
<b>July 2010</b>	13.4%	7.0%	9.7%
<b>August 2010</b>	12.1%	7.0%	9.5%

Source: Virginia Employment Commission, Local Area Unemployment Statistics

## **CITY EMPLOYMENT**

As reported in Table 6-14, Employment By Industry (by place of Work). The largest number of jobs in the City in 2008 were provided in the Services sector. Within this sector, there were 3,027 persons, representing 59.9% of those employed. Over all, the number of persons employed in the Services sector has increased by 1,499 persons since 1990 when 1,528 people were employed in this area of the economy. The Services sector includes educational institutions, health care providers, legal, business, social and personal services, auto repair and amusements. Major employers in this sector include Washington and Lee University (Virginia Military Institute employees are reported in the government sector) and Stonewall Jackson Hospital. The offices of physicians, attorneys and other private service providers also contribute.

The second major employment sector in 2008 was Federal, state and local government. In 2008 within the City, 1,132 people (22% of the workforce) were employed in this sector. In 1990, 946 people were employed in the Government sector (25% of the work force). Although the numbers of persons employed has increased, the percentage of the workforce has decreased. Employers in the Government sector include Virginia Military Institute, other State agencies including the Health Department, Extension Service, Forestry Department, Transportation Department, the Division of Motor Vehicles and the ABC Store. Rockbridge County, which has its administrative offices in the City, and the City of Lexington, including its school system, are also included in the government sector.

The third major employment sector in 2008 was Wholesale and Retail trade which employed 454 persons or 8.8% of the workforce. 973 persons were employed by this sector in 1990, which was 26% of the workforce. This represents a significant decrease in the number of persons employed in this sector over the last decade and a half.

Given the modest population growth projections for the region and the City's emphasis on retail trade and services, its future viability will be dependent upon maintaining its position as the business and service center for the region and expanding its business and service base to business, residents and tourists. The City's ability to diversify its economic base is restricted by the limited amount of vacant land within its boundaries.

**Table 6-14**  
**Employment by Industry**  
**Lexington, Buena Vista, Rockbridge County**  
**2005**

	Lexington	Buena Vista	Rockbridge County	Total	% of Area	% of VA
Agriculture, Forestry & Fishing	*	*	77	77	.5%	.4%
Mining & Quarrying	*	*	*	*	*	.2%
Utilities	*	*	*	*	*	.3%
Construction	141	12	494	647	4.4%	6.8%
Manufacturing	31	855	1,954	2,840	19.5%	8.3%
Wholesale & Retail Trade	443	195	1,244	1,882	12.9%	14.8%
Transportation & Warehousing	*	*	137	137	.7%	2.6%
Information	96	*	*	96	.7%	2.6%
Finance, Insurance & Real Estate	168	51	113	332	2.3%	5.3%
Services	2,816	1,113	1,777	5,706	39.1%	39.9%
Government	943	486	1,268	2,697	18.5%	18.3%
<b>Total</b>	<b>4,703</b>	<b>2,757</b>	<b>7,129</b>	<b>14589</b>	<b>100%</b>	<b>100%</b>

**Employment by Industry**  
**Lexington, Buena Vista, Rockbridge County**  
**2008**

	Lexington	Buena Vista	Rockbridge County	Total	% of Area	% of VA
Agriculture, Forestry & Fishing	*	*	69	69	*	.3%
Mining & Quarrying	*	*	*	*	*	.2%
Utilities	*	*	*	*	*	.3%
Construction	177	20	433	630	4.4%	6.1%
Manufacturing	31	589	1,880	2,500	17.4%	7.2%
Wholesale & Retail Trade	454	177	1,189	1,820	12.6%	14.6%
Transportation & Warehousing	*	*	130	130	*	2.8%
Information	55	*	32	87	*	2.4%
Finance, Insurance & Real Estate	180	55	118	353	2.5%	5.0%
Services	3,027	950	1,826	5,803	40.3%	42.4%
Government	1,132	471	1,177	2,780	19.3%	18.5%
<b>Total</b>	<b>5,132</b>	<b>2,363</b>	<b>6,896</b>	<b>14,391</b>	<b>100%</b>	<b>100%</b>

Source: Virginia Employment Commission, Quarterly Census of Data and Wages. 2<sup>nd</sup> Quarter 2005, 2<sup>nd</sup> Quarter 2008 provided by the Central Shenandoah Planning District Commission

Note: \* Data withheld, included in Total

The major employment sectors for the City are Government, (which includes those who work at VMI), services (which includes education for this table), and trade.

Manufacturing, trade, services and government are the major employers in Rockbridge County.



Health services, educational and social services are the largest employment sectors for Lexington residents.

**Table 6-15**  
**Employment by Industry by Place of Residence**  
**Lexington, Buena Vista, Rockbridge County**

	LEXINGTON	BUENA VISTA	ROCKBRIDGE COUNTY	AREA TOTAL	% of Area
<b>Agriculture, Forestry, Fisheries &amp; Mining</b>	19	35	479	533	3.49%
<b>Construction</b>	112	173	858	1,143	7.47%
<b>Manufacturing</b>	126	998	2,172	3,296	21.55%
<b>Transportation</b>	39	91	436	566	3.7%
<b>Wholesale Trade</b>	32	41	270	343	2.24%
<b>Retail Trade</b>	195	336	963	1,494	9.77%
<b>Information</b>	43	45	111	199	1.30%
<b>Finance, Insurance &amp; Real Estate</b>	31	61	351	443	2.9%
<b>Professional, Scientific, Management, Administrative and Waste Management</b>	93	78	449	620	4.05%
<b>Personal, Entertainment, Recreation Services</b>	244	205	975	1,424	9.31%
<b>Health Services, Educational, and Social Services</b>	946	628	2192	3,766	24.63%
<b>Other Services</b>	130	198	548	876	5.73%
<b>Public Administration</b>	103	174	312	589	3.85%
<b>TOTAL</b>	2,113	3,063	10,116	15,292	100

Source: 2000 Census

Note: The Virginia Horse Center is classified under Personal Entertainment and Recreation Services

**Table 6-16**  
**Employers by Size of Establishment**  
**Lexington and Virginia**  
**1<sup>st</sup> Quarter, 2010**

	Lexington	Virginia
<b>0 to 4 employees</b>	213	133,874
<b>5 to 9 employees</b>	78	37,205
<b>10 to 19 employees</b>	37	26,228
<b>20 to 49 employees</b>	30	18,807
<b>50 to 99 employees</b>	7	6,54
<b>100 to 249 employees</b>	***	3,533
<b>250 to 499 employees</b>	***	975
<b>500 to 999 employees</b>	1	389
<b>1000 and over employees</b>	***	221
	369	227,786

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, 1<sup>st</sup> Quarter, 2010.

**Table 6-17**  
**Largest Employers**  
**City of Lexington**  
**November 2010**

1	Washington and Lee University	20	BB&T Corporation
2	Virginia Military Institute	21	Lexington Prescription Center
3	Stonewall Jackson Hospital	22	Rockbridge Area Hospice
4	City of Lexington	23	Sigma Nu Fraternity
5	Lexington City Schools	24	G. C. Marshall Research Foundation
6	Kroger	25	The News Gazette Corporation
7	Heritage Hall	26	Administration of Kappa Alpha Order
8	The VMI Foundation	27	Salernos
9	Rockbridge Farmer's Co-operative	28	F. A. C. T.
10	Rockbridge Regional Library	29	Lexcare Pharmacy
11	Macado's, Inc	30	Bistro on Main
12	A I I Services	31	Perkins & Orrison, Inc
13	Virginia State Department of Health	32	University Cleaners
14	Wendnoke Corporation	33	Lexington Motel & Restaurant
15	Col Alto	34	Yellow Brick Road Early Learning Center
16	Pizza Hut	35	Domino's Pizza
17	Rockbridge Area Social Services	36	Rockbridge Area Transport, Inc
18	US Postal Service	37	Drs. Downey and Devening Primary Care
19	The Palms	38	Montessori Center for Children

Source: City of Lexington, Department of Planning and Development, November 2010  
Updated from Virginia Employment Commission, Quarterly Census of Employment and Wages

**Table 6-18**  
**Largest Employers**  
**City of Buena Vista**  
**November 2010**

1	Pro Careers	23	Buena Vista Motel
2	Buena Vista City Schools	24	Bolling, Grose & Lotts Funeral Services
3	Southern Virginia University	25	Buena Vista Medical Associates
4	Modine Manufacturing Company	26	Stop-In Food Store
5	City of Buena Vista	27	Virginia Rural Water Association
6	Everbrite, LLC	28	Advance Auto Parts
7	GGNSC Buena Vista, LLC	29	Edgewater Animal Hospital
8	Fitzgerald Lumber and Logging	30	Healthcare Services Group
9	Shenandoah Hardwood Lumber, Inc.	31	Snap Fitness
10	Food Lion	32	The Hamilton Group, Inc.
11	Advanced Drainage Systems	33	Valley Program for Aging Services, Inc.
12	Hermetite Division	34	Rockbridge Area Occupational Center
13	Virginia Electric & Power Company	35	US Department of Agriculture
14	Aramark Refreshment Services	36	Widdifield's Save Station
15	Hardee's	37	May's Grocery
16	Peoplelink Staffing Solutions	38	Subway
17	Rockbridge Area Community Services Board	39	BB&T Corp.
18	PM Foods, Inc.	40	Commonwealth Mortgage Group, Inc
19	Central Dispatch - 911 (City of Lexington)	41	Dolgencorp, LLC
20	Kenney's	42	Don Tequila Two, Inc.
21	Brent D. Dryden, DDS PC	43	Mariner Media, Inc.
22	US Postal Service		

Source: City of Lexington, Department of Planning and Development, November 2010  
Updated from Virginia Employment Commission, Quarterly Census of Employment and Wages

**Table 6-19**  
**Largest Employers**  
**Rockbridge County**  
**November 2010**

1	Mohawk ESV Incorporated	25	Hunter Hill
2	Rockbridge County Schools	26	Virginia Horse Center Foundation, Inc.
3	Aramark Campus, LLC	27	Natural Bridge Speedway
4	WalMart	28	Woodfin Oil Company
5	Hunter Defense Technology	29	Lexington Golf and Country Club
6	County of Rockbridge	30	W. R. Deacon and Sons Timber
7	Munters Corp.	31	Rockbridge Stone Products, Inc.
8	Natural Bridge of Virginia, Inc.	32	Spencer Home Center, Inc.
9	Town of Vesuvius	33	Fitzgerald Lumber and Logging
10	Virginia Department of Transportation	34	Hamilton Personnel Services
11	Sayre Enterprises, Inc.	35	North Fork
12	Lowe's Home Centers, Inc.	36	Smiley Fuel City
13	White's Truck Stop	37	Manor of Natural Bridge
14	Stella Jones Corporation	38	Pink Cadillac Restaurant
15	Best Western	39	Randy Hostetter Excavating
16	WilcoHess	40	Hardee's
17	Blue Ridge Christian Home	41	Peebles
18	Burger King	42	Bank of Botetourt
19	Holland's General Contractors	43	Donald's Electric and Refrigeration
20	Virginia Department of Juvenile Justice	44	Shenandoah Framing, Inc.
21	McDonald's	45	Goads Body Shop, Inc.
22	US Postal Service	46	Jefferson Florist Homestead
23	Stop-In Food Store	47	Papa Johns
24	Food Lion		

Source: City of Lexington, Department of Planning and Development, November 2010  
Updated from Virginia Employment Commission, Quarterly Census of Employment and Wages

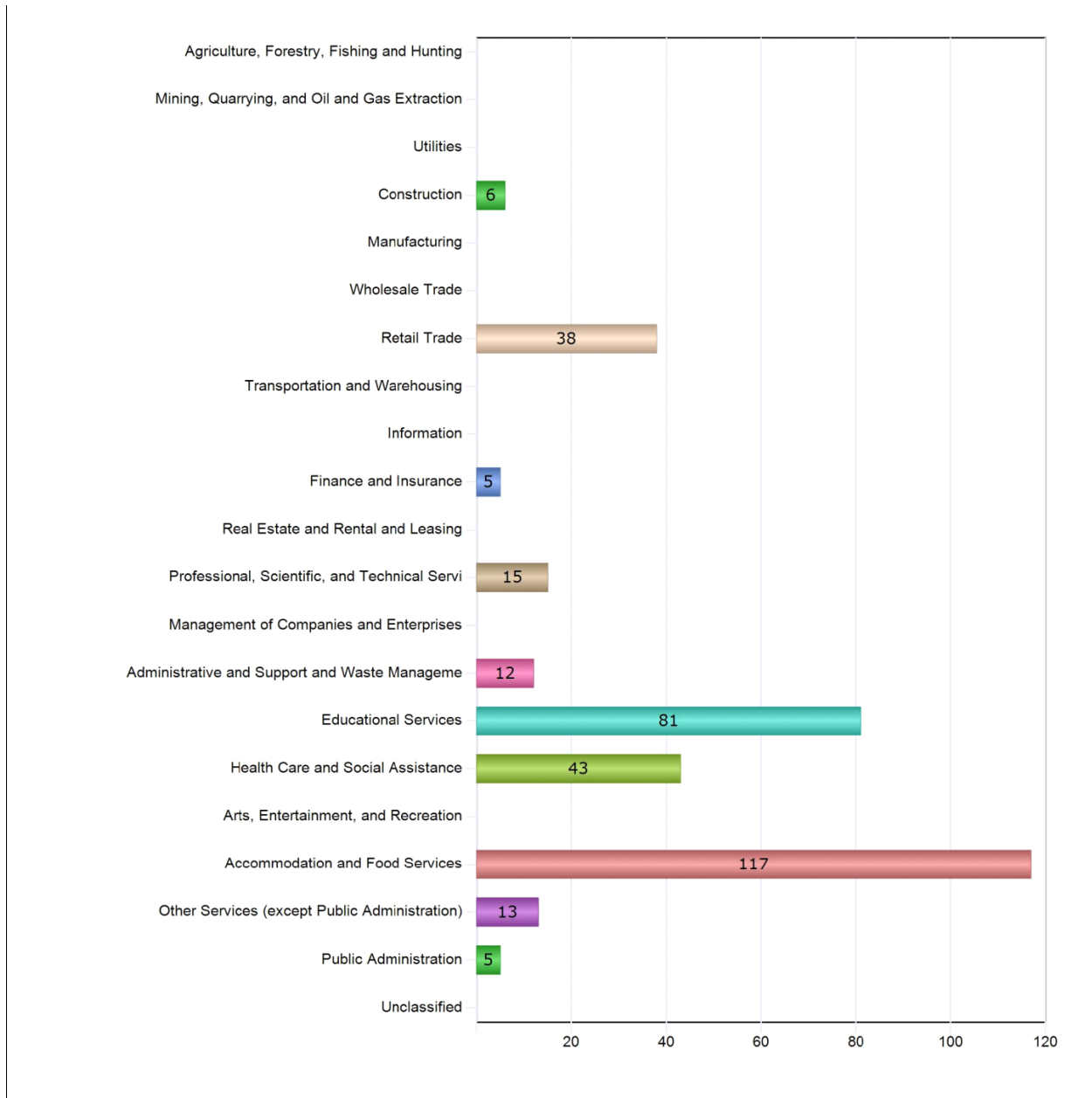
**Table 6-20**  
**New Start Up Firms**  
**Lexington and Virginia**  
**1<sup>st</sup> Quarter 2007 - 1<sup>st</sup> Quarter 2010**

	<b>Lexington</b>	<b>Virginia</b>
<b>1<sup>st</sup> Quarter 2007</b>	5	6,348
<b>2<sup>nd</sup> Quarter 2007</b>	1	3,128
<b>3<sup>rd</sup> Quarter 2007</b>	1	2,847
<b>4<sup>th</sup> Quarter 2007</b>		878
<b>1<sup>st</sup> Quarter 2008</b>	3	4,830
<b>2<sup>nd</sup> Quarter 2008</b>	2	1,899
<b>3<sup>rd</sup> Quarter 2008</b>	1	2,314
<b>4<sup>th</sup> Quarter 2008</b>	2	2,174
<b>1<sup>st</sup> Quarter 2009</b>	1	2,466
<b>2<sup>nd</sup> Quarter 2009</b>	2	2,467
<b>3<sup>rd</sup> Quarter 2009</b>	2	2,475
<b>4<sup>th</sup> Quarter 2009</b>	2	2,169
<b>1<sup>st</sup> Quarter 2010</b>	1	2,707

Source: Virginia Employment Commission. Quarterly Census of Employment and Wages, 1<sup>st</sup> Quarter 2010

Notes: The following criteria were used to define new startup firms: 1.) Setup and liability date both occurred during 1<sup>st</sup> Quarter; 2.) Establishment had no predecessor UI Account Number; 3.) Private Ownership; 4.) Average employment is less than 250; and, 5.) For multi-unit establishments, the parent company must also meet the above criteria

**Figure 6-6**  
**City of Lexington**  
**New Hires by Industry**  
**4<sup>th</sup> Quarter - 2009**



**TOTAL**

**345**

Source: US Census Bureau, Local Employment Dynamics Program, 4<sup>th</sup> Quarter 2009

Most of the new jobs in were in the food services, educational services, health care, and retail trade sectors.

## OTHER MEASURES OF ECONOMIC ACTIVITY

Several other measures of economic activity in Lexington and the Rockbridge region are presented below.

### Taxable Sales

**TABLE 6-21**  
**TAXABLE SALES FOR REGION**  
**CITY OF LEXINGTON**  
**TAXABLE SALES FOR SELECTED LOCALITIES**  
**2008**

#### ***LEXINGTON***

CATEGORY	NUMBER OF DEALERS	TAXABLE SALES
Natural Resources and Mining	0*	0
Manufacturing	0*	0
Trade, Transportation and Utilities	82	26,888,470
Professional and Business Services	0*	0
Rental and Leasing Services	18	410,814
Arts, Entertainment and Recreation	0*	0
Accommodations and Services	39	17,006,083
Other Services	13	1,139,152
Unclassified	18	4,227,155
<b>TOTAL</b>	<b>170</b>	<b>49,671,674</b>

SOURCE: Virginia Department of Taxation, *Taxable Sales in Virginia Counties and Cities, Annual Report: 2008*.

#### ***BUENA VISTA***

CATEGORY	NUMBER OF DEALERS	TAXABLE SALES
Natural Resources and Mining	0*	0
Manufacturing	0*	0
Trade, Transportation and Utilities	56	18,429,809
Professional and Business Services	0*	0
Rental and Leasing Services	6	107,073
Arts, Entertainment and Recreation	0*	0
Accommodations and Services	18	5,039,406
Other Services	7	603,333
Unclassified	11	164,833
<b>TOTAL</b>	<b>98</b>	<b>24,344,454</b>

SOURCE: Virginia Department of Taxation, *Taxable Sales in Virginia Counties and Cities, Annual Report: 2008*.

\*Data is withheld because locality has less than four dealers in a business classification, the taxable sales in that category is suppressed for confidentiality.



**ROCKBRIDGE COUNTY**

CATEGORY	NUMBER OF DEALERS	TAXABLE SALES
Natural Resources and Mining	7	174,674
Manufacturing	15	4,013,548
Trade, Transportation and Utilities	198	152,364,697
Professional and Business Services	10	859,189
Rental and Leasing Services	41	1,800,410
Arts, Entertainment and Recreation	8	2,693,856
Accommodations and Services	90	40,832,778
Other Services	32	2,783,582
Unclassified	27	7,136,178
<b>TOTAL</b>	<b>428</b>	<b>212,658,912</b>

SOURCE: Virginia Department of Taxation, *Taxable Sales in Virginia Counties and Cities, Annual Report: 2008*.

**Impact of Tourism**

**TABLE 6-22**  
**CITY OF LEXINGTON**  
**TOURISM FOR SELECTED LOCALITIES**

	Buena Vista	Lexington	Rockbridge Co.	Area
<b>Total Travel Expenditures</b> (\$000)	\$2,090	\$21,358	\$60,276	\$83,724
<b>Travel Generated Payroll</b> (\$000)	\$410	\$5,282	\$10,826	\$16,518
<b>Travel Generated Employment</b>	30	368	738	1,136
<b>State Tax Receipts</b> (\$000)	\$120	\$1,129	\$3,626	\$4,875
<b>Local Tax Receipts</b> (\$000)	\$52	\$636	\$1,600	\$2,288

SOURCE: Virginia Tourism Corporation, 2000: provided by the Central Shenandoah Planning District Commission

## Local Deposits in Commercial Banks

The local economy is directly affected by bank reorganization. Of the banks operating in the County in 1990, only the Bank of America and SunTrust remain. The Bank of Rockbridge, Central Fidelity Bank, CreStar, Patrick Henry National Bank and NationsBank were the other banks listed in 1990. One Valley Bank, Planters Bank and Trust, and Shenandoah National Bank were operating in the Lexington-Buena Vista- Rockbridge County area in 2000 but are no longer operating in this area or have been purchased by other financial institutions. NationsBank has been absorbed by the Bank of America. First Union merged with Wachovia in 2003 and is now owned by Wells Fargo.

**TABLE 6-23**  
**CITY OF LEXINGTON**  
**COMMERCIAL BANKS SUMMARY OF LOCAL DEPOSITS**  
**June 30, 2010**

<b>INSTITUTION</b>	<b>Buena Vista</b>	<b>Lexington</b>	<b>Rockbridge County</b>	<b>Total Area</b>
Bank of America	\$24,096,000			\$24,096,000
Bank of Botetourt			\$67,012,000	\$67,012,000
Branch Banking & Trust	\$25,567,000	\$46,481,000	\$105,846,000	\$177,894,000
Carter Bank & Trust			\$59,576,000	\$59,576,000
Community Bank	\$5,507,000	\$10,209,000	\$15,998,000	\$31,714,000
Cornerstone Bank		\$46,685,000		\$46,685,000
Essex Bank			\$12,593,000	\$12,593,000
Stellar One Bank	\$29,717,000		\$25,426,000	\$55,143,000
SunTrust Bank		\$34,792,000	\$21,668,000	\$56,460,000
Wells Fargo Bank*		\$84,308,000		\$84,308,000
Woodforest National Bank			\$490,000	\$490,000
<b>Total</b>	<b>\$84,887,000</b>	<b>\$222,475,000</b>	<b>\$308,609,000</b>	<b>\$615,971,000</b>

SOURCE: FDIC Summary of Deposits, Table 10, *Deposits by County within State for each Bank and Banking Office, June 30, 2010*

\*Previously Wachovia

NOTE: Does not include Savings and Loans

## **EMPLOYMENT PROJECTIONS**

The following tables provide employment projections for the Shenandoah Valley including the City of Lexington and Rockbridge County.

The economic sectors projected by the Virginia Employment Commission to grow in the next several years are health care and communications related. The majority of the job losses are projected to be in manufacturing.

**Table 6-24**  
**Total Employment by Industry**  
**Shenandoah Valley \*\***  
**Estimated 2008 - Projected 2018**

	Employment			Percent	
	Estimated 2008	Projected 2018	Change	Total	Annual
<b>Total, All Industries</b>	226,979	253,505	26,526	11.69%	1.11%
<b>Agriculture, Forestry, Fishing and Hunting</b>	255	271	16	6.27%	0.61%
<b>Mining, Quarrying, and Oil and Gas Extraction</b>	393	364	(29)	-7.38%	-0.76%
<b>Utilities</b>	561	522	(39)	-6.95%	-0.72%
<b>Construction</b>	13,627	16,459	2,832	20.78%	1.91%
<b>Manufacturing</b>	36,476	34,258	(2,218)	-6.08%	-0.63%
<b>Wholesale Trade</b>	6,448	6,901	453	7.03%	0.68%
<b>Retail Trade</b>	28,186	29,972	1,786	6.34%	0.62%
<b>Transportation and Warehousing</b>	8,675	9,316	641	7.39%	0.72%
<b>Information</b>	3,017	3,166	149	4.94%	0.48%
<b>Finance and Insurance</b>	4,185	4,552	267	6.23%	0.61%
<b>Real Estate and Rental and Leasing</b>	2,437	2,760	323	13.25%	1.25%
<b>Profession, Scientific, and Technical Services</b>	5,252	6,928	1,676	13.91%	2.81%
<b>Management of Companies and Enterprises</b>	2,233	2,360	127	5.69%	0.55%
<b>Administrative and Support and Waste Management</b>	7,524	8,885	1,361	18.09%	1.68%
<b>Educational Services</b>	24,834	29,822	4,988	20.09%	1.85%
<b>Health Care and Social Assistance</b>	24,662	32,319	7,657	31.05%	2.74%
<b>Arts, Entertainment, and Recreation</b>	2,731	3,387	656	24.02%	2.18%
<b>Accommodations and Food Services</b>	20,300	22,625	2,325	11.45%	1.09%
<b>Other Services (except Public Administration)</b>	6,021	6,703	682	11.33%	1.08%

Source: Virginia Employment Commission, Industry and Occupational Projections, 2008 - 2018

Note: Projection data is for Shenandoah Valley. No data available for Lexington City.

\*\* **Shenandoah Valley** consists of the following localities: Augusta County; Bath County; Frederick County; Highland County; Page County; Rockbridge County; Rockingham County; Shenandoah County; Warren County; Buena Vista; Harrisonburg; Lexington; Staunton; Waynesboro; and, Winchester.

**Table 6-25**  
**Total Employment by Major Occupation Group**  
**Shenandoah Valley**  
**Estimated 2008 - Projected 2018**

	Employment			Openings		
	Estimated 2008	Projected 2018	% Change	Replace- ments	Growth	Total
<b>Total, all occupations</b>	226,979	253,505	11.69%	5,221	2,890	8,111
<b>Management</b>	7,925	8,379	5.73%	189	55	244
<b>Business and Financial Operations</b>	6,619	7,841	18.46%	132	123	255
<b>Computer and Mathematical</b>	2,137	2,674	25.13%	40	55	95
<b>Architecture and Engineering</b>	2,331	2,566	10.08%	50	24	74
<b>Life, Physical, and Social Science</b>	1,198	1,316	9.85%	35	15	50
<b>Community and Social Services</b>	2,622	3,204	22.20%	57	58	115
<b>Legal</b>	757	922	21.80%	12	17	29
<b>Education, Training, and Library</b>	15,290	18,605	21.68%	331	332	663
<b>Arts, Design, Entertainment, Sports, and Media</b>	3,130	3,597	14.92%	79	50	129
<b>Healthcare Practitioners and Technical</b>	11,302	13,998	23.85%	233	270	503
<b>Healthcare Support</b>	5,829	8,066	38.38%	65	225	290
<b>Protective Service</b>	4,201	4,775	13.66%	118	57	175
<b>Food Preparation and Serving Related</b>	19,028	21,729	14.19%	638	270	908
<b>Building and Grounds Cleaning and Maintenance</b>	9,205	10,221	11.04%	151	102	253
<b>Personal Care and Service</b>	7,047	9,276	31.63%	178	223	401
<b>Sales and Related</b>	26,308	28,439	8.10%	810	215	1,025
<b>Office and Administrative Support</b>	32,418	35,380	9.14%	678	347	1,025
<b>Farming, Fishing, and Forestry</b>	767	777	1.30%	20	4	24
<b>Construction and Extraction</b>	13,550	15,647	15.48%	237	211	448
<b>Installation, Maintenance, and Repair</b>	10,601	11,517	8.64%	201	95	296
<b>Production</b>	25,948	25,243	-2.72%	535	56	591
<b>Transportation and Material Moving</b>	18,766	19,333	3.02%	435	87	522

Source: Virginia Employment Commission, Industry and Occupational Projections, 2008 - 2018

Note: Projection data is for Shenandoah Valley. No data available for Lexington City.

**Table 6-26**  
**Growth Occupations**  
**Shenandoah Valley**  
**Estimated 2008 - Projected 2018**

	Employment			Average Annual Openings			Average Annual Salary
	Estimated 2008	Projected 2018	% Change	Replacements	Growth	Total	
Personal Care and Home Health Aides	1,241	2,416	94.68%	16	118	134	\$16,915
Athletic Trainers	51	83	62.75%	2	3	5	\$44,550
Network Systems and Data Communications Analysts	313	507	62.98%	6	19	25	\$57,421
Aerospace Engineers	15	24	60.00%	0	1	1	\$100,372
Physical Therapist Aides	65	94	44.62%	1	3	4	\$30,469
Computer Software Engineers, Systems Software	146	210	43.84%	1	6	7	\$77,450
Veterinary Technologists and Technicians	88	126	73.18%	2	4	6	\$32,770
Physical Therapist Assistants	159	226	42.14%	2	7	9	\$43,629
Physician Assistants	114	162	42.11%	2	5	7	\$83,169
Mental Health Counselors	294	417	41.84%	6	12	18	\$45,295
Veterinarians	141	198	40.43%	3	6	9	\$91,760
Dental Hygienists	164	229	39.63%	3	7	10	\$63,969
Dental Assistants	386	535	38.60%	7	15	22	\$29,693
Education Administrators, All Other	52	72	38.46%	2	2	4	\$64,990
Personal Finance Advisors	130	178	36.92%	1	5	6	\$79,969
Fitness Trainers and Aerobics Instructors	470	641	36.38%	9	17	26	\$26,527
Management Analysts	602	816	35.55%	10	21	31	\$84,029
Medical Assistants	387	522	34.88%	4	14	18	\$29,409
Computer Software Engineers, Applications	293	395	34.81%	3	10	13	\$82,337
Nursing Aides, Orderlies, and Attendants	2,850	3,834	34.53%	28	98	126	\$23,421

Source: Virginia Employment Commission, Industry and Occupational Projections, 2008 - 2018

Note: Projection data is for Shenandoah Valley. No data available for Lexington City.

**Table 6-27**  
**Declining Occupations**  
**Shenandoah Valley**  
**Estimated 2008 - Projected 2018**

	Employment			Openings		
	Estimated 2008	Projected 2018	% Change	Replaces- ments	Growth	Total
Order Clerks	209	138	-33.97%	6	0	6
Postal Service Mail Sorters, Processors, and Processing Machine Operators	67	45	-32.84%	1	0	1
Electrical and Electronic Equipment Assemblers	85	59	-30.59%	1	0	1
Drilling and Boring Machine Tool Setters, Operators, and Tenders, Metal and Plastic	49	37	-24.49%	0	0	0
Computer Operators	74	56	-24.32%	1	0	1
Photographic Processing Machine Operators	97	75	-22.68%	2	0	2
Textile Cutting Machine Setters, Operators, and Tenders	36	28	-22.22%	1	0	1
Postal Service Clerks	143	112	-21.68%	3	0	3
Desktop Publishers	38	30	-21.05%	1	0	1
Machine Feeders and Offbearers	474	375	-20.89%	5	0	5
Cementing and Gluing Machine Operators and Tenders	108	86	-20.37%	3	0	3
File Clerks	216	172	-20.37%	5	0	5
Lathe and Turning Machine Tool Setters, Operators, and Tenders, Metal and Plastic	26	21	-19.23%	0	0	0
Post Masters and Mail Superintendents	82	67	-18.29%	2	0	2
Advertising and Promotion Managers	17	14	-17.65%	0	0	0
Electrical and Electronic Drafters	17	14	-17.65%	0	0	0
Prepress Technicians and Workers	277	229	-17.33%	4	0	4
Paper Goods Machine Setters, Operators, and Tenders	130	108	-16.92%	3	0	3
Pressers, Textile, Garment, and Related Materials	155	129	-16.77%	1	0	1
Bindery Workers	1,136	956	-15.85%	17	0	17

Source: Virginia Employment Commission, Industry and Occupational Projections, 2008 - 2018

Note: Projection data is for Shenandoah Valley. No data available for Lexington City.





## **Appendix 1: Summary of “Economy” Focus Groups**



## Appendix 1: Summary of “Economy” Focus Groups

**Overview:** Many communities have recognized that the economic development model of the 1990s no longer meets the economic development realities of the 21<sup>st</sup> century. In the 1990s, local, regional, and state economic development offices used incentives to attract larger businesses to their areas. With over 2,000 economic development offices throughout the country pursuing approximately 200 active, viable leads, reliance on this model—especially for a community that can offer little in the way of incentives—may not make much sense.

What does seem to work for communities is a three-pronged economic development approach:

1. Continue to work with state and regional economic development offices.
2. Engage in “economic gardening” (modeled after Littleton, Colorado’s success) where efforts are made to expand existing businesses in the community.
3. Foster a responsive environment that attracts entrepreneurs and encourages individuals to create businesses in our community.

The City Manager and the Director of Planning & Development, in response to City Council’s request for a economic development plan, sponsored an exploration of items “2” and “3” using area business owners as a source of expertise.

Three focus groups met, once each, during February and March. Members of the focus groups are Lexington business owners (small business, entrepreneurs). Additionally, one focus group member emailed over twenty entrepreneurs and business owners and posed the same questions. Their responses are included in the following.

The four questions:

1. What are the advantages to you of doing business in and around Lexington?
2. Are there any barriers to doing business that the City could or should assist in removing?
3. What one or two things, if any, do you feel that the City could or should do to enable a business such as yours to survive and thrive?
4. If you were advising the Planning Commission and City Council on strengthening Lexington’s economy and its tax base, what advice would you offer?

Their responses were recorded by staff. Following the third focus group, the responses were grouped using affinity grouping and labeled.

There are a number of good ideas and recommendations that came from the focus groups. There are five areas which may merit greater discussion in the short term:

1. Initiate and support a “buy local, hire local” campaign.
2. Continue efforts to secure broadband internet access.
3. Support a marketing plan/campaign to attract entrepreneurs to the area.

4. Assure the upcoming review of the zoning ordinance by Planning Commission includes consideration of restrictions that unnecessarily hinder home-based businesses.
5. Consider zoning that section of South Main Street, from the existing commercial district to the “old library” building, as “professional services/residential.”

Further review may uncover other areas for discussion.

### **Advantages**

Quality of Life

Lexington Controlled Schools

Close enough to major airports

Social aspects: Smart, interesting people

Cultural opportunities

Urban social scene without the drawbacks

Quality of life

Hospital

Two excellent research universities

Sense of community

Local foods

Have to work to preserve local qualities

Supports local economy by buying locally

Paying teachers

Demographics

All the convenience of the City with all the quality of Lexington

Simply a nice place to be and live

### **Unique Brand**

Distinctive

Charm

Historic Character

Downtown beauty

Adaptive re-use of buildings

Liveliness of Downtown

Historic Preservation reputation

Beautiful, distinctive setting

Small town

Historic nature

Community values history

## **Business**

Importance of a Lexington address: it has cachet  
Regional centrality: many communities reachable within one hour  
Two colleges provide ready customer base  
My business could be anywhere  
Access to government offices (courthouse records, etc.)  
Ease of movement  
Convenience  
Accessible: visible to people coming here  
Having the Courthouse here  
You can get the word out quickly  
Stable economy linked to VMI and W&L  
Main Street: walk-in traffic  
Other local attractions: Horse Center, Natural resources, Interstate access  
High number of creative capitalists and entrepreneurs  
High amount of money on deposit in the immediate area  
City staff are dedicated and responsive  
Small town: direct customer contacts and relationships  
Close proximity of businesses

## **Technology**

Affordable multiple providers

## **Negative**

There are no advantages to doing business in Lexington  
Minimal infrastructure and no true promotion of the area  
Business development work is actually just maintaining the status quo

## **Barriers to Doing Business**

### **Street Parking**

Not enough on-street parking  
Marshall Foundation buses prevent customer parking when parked on Lee Avenue

### **Garage Parking**

Not convenient  
Is there a better location? McCrum's parking lot?  
Lack of signage

## **Police**

Police not ambassadorial, not welcoming  
Perception that Lexington isn't a welcoming place, especially the police  
Police should engage in community outreach  
Police work for the City

Lack of conversation about what we want in police force and police chief  
Concern about new chief's ability to change the culture of the department  
Lack of welcoming, ambassadorial approach by police force  
City Council, City Manager must make clear that the police force work as ambassadors for the City  
Heavy handed policing has snuffed out what was once a rich nightlife

### **Taxes**

Tangible property tax: takes too long to compile for such a relatively small amount  
BPOL: Based on gross receipts. Pay BPOL on years when there is no profit  
Personal property tax  
Don't do anything to raise taxes  
Eliminate BPOL

### **Zoning**

Home businesses: are there restrictive covenants?  
Review zoning ordinance. Do restrictions still apply? Need flexibility  
Address home occupation statutes; positive rather than restrictive  
Who to call when?  
Communication with landlords  
Let renters know about property maintenance codes  
Be open to experimentation (ex: sandwich boards)  
Change sign ordinance  
ARB: Anxious moment, matter of taste, intimidating the 1<sup>st</sup> time. Need handbook.  
Expedite approval process for building in town, especially at City Council level  
Restrictive zoning prevents location of small businesses in houses

### **Transportation**

Need transportation outside the area

### **Business Development**

It won't happen just because we want it to  
Business development must be a priority of mayor and City Manager  
No true program of business development

### **Other**

Recognize emerging barriers  
Don't erect barriers  
No free W-FI  
Limited voice if you don't live in the City  
Perception that Lexington is an unfriendly place  
Better establish our Brand  
Get beyond NIMBY

Smallness: downside of repeat sales  
Tourism is dropping  
Resistance to development

### **To Survive and Thrive**

#### **Business Development**

Small business seminars using local talent  
Tap into programs Sen. Mark Warner is developing for extending credits to hire Virginians  
Retain youth locally

#### **Marketing**

Create a campaign to use local businesses first  
Communication & education to buy local

#### **Parking and Transportation**

Address downtown parking issues  
Change parking patterns of downtown business owners  
Parking permits for business owners  
Fundraising rickshaws to parking deck  
Bike rentals  
Shuttle bus for downtown  
Go Green campaign  
Keep business owners from parking in front of their businesses  
Shuttle bus service; students ride for free  
Shuttle bus between area restaurants and hotels  
Shuttle bus from 11N to 11S  
Shuttle bus from E to W  
Transportation solution should include students/cadets with their contributions part of their activities fees  
Pass the transportation plan  
Add a “complete streets” provision to the transportation plan that public right-of-ways are for all the public  
Whether driving, walking, in a wheel chair, or on a bike (see [www.completestreets.org](http://www.completestreets.org))  
Use common sense approach to parking. If there’s plenty of empty space, don’t ticket one car parked too long

#### **Guardianship**

Make sure we keep our advantages

#### **Downtown Experience**

Effective pooper scooper laws  
Effective cigarette butt control  
Consistency

Develop RE Lee as a hotel  
Downtown revitalization  
Add more benches and downtown seating to encourage pedestrian traffic  
Price of buildings in commercial district  
Reduced taxes lead to reduced rents

### **Technology**

Build technology infrastructure  
Improve City web site: Keep end user in mind

### **University Assistance**

Partner with W&L and VMI for small business assistance  
Attract alumni through alumni magazines  
Business incubator

### **Increase my business**

Bring more businesses into the City  
Professional business zone  
Density by design

### **Feet on the street**

How to bring more people into the City  
Social media  
Get marketing and PR linked  
Lexington needs: slogan, motto, brand  
The prettiest town in Virginia  
Marketing  
Integrated community calendar  
    Chamber  
    Visitors Center  
    Advance notice of VMI, W&L, Horse Center events  
Upgrade and improve the City's web site  
Media and PR: lack of coherent marketing

### **Miscellaneous**

Need a long-term strategic plan  
Don't raise taxes  
Communication: if something will affect a business, let them know (sign ordinance)  
Attract small scale industry  
Encourage manufacturing jobs  
Eliminate taxes  
Assist and encourage developers with project proposals  
Get creative with zoning to avoid least desirable "by right" approach



## **Strengthening Economy and Tax Base**

### **Opportunities**

- Emphasize natural resources
- Promote open green spaces
- Open Chessie Trail to bikes
- Provide incentives
- Collaborate with Rockbridge County around natural resources
- Jacob's Ladder is mouth-dropping
- Shuttle to and from Horse Center
- Better engage with the Horse Center
- Saturday FedEx delivery
- Use the Chamber
  - We have a lot of services and talent in Lexington
- Form unified cooperative business councils
  - Retail
  - Service
- Redevelop west side, from McLaughlin to Route 60 West, making entrance corridor more vibrant

### **Business Development**

- Promote Lexington as a good place to do business, w/focus on business catering to college students and retirees
- Better signage and shopping guide at Visitors Center
- Hire a qualified marketing manager for City to approach & interact w/major investment bankers and senior business
  - People
- Employ 'lateral thinking' whereby one still reaches destination of goal in spite of roadblocks
- Have unified approach to attracting business
- Enlist our congressmen & delegates to provide us with successful examples in practice elsewhere
- Focus on colleges and tourism...there's very little need for people to come into City otherwise
- Determine when we will allow for responsible future development
- Work with entrepreneurs to maximize opportunities for growth, development
- Create a brainstorming group of people to recruit businesses

### **City-wide**

- Increase walk-ability
- Consider entire community: business and residents
- Create position of small business liaison
- Consolidate with County to reduce duplication of expenses and services
- Continue emphasis on all community members
- Work to improve our product

## **Housing**

Affordable housing

Increased density

## **Downtown**

Redevelop central block of downtown

Infill downtown

Expand downtown footprint

Mix vibrant downtown with vibrant self-employed

Second story residences

Second story artist lofts

Expand professional services zone downtown

Creative, temporary use of empty downtown space

Are services taking up retail space?

RE Lee Hotel (move current residents to renovated Red Carpet Inn)

Property maintenance is the right thing to do

Better balance renters and space

Link Artists in Hopkins Green to artists/studio tour (Gallery Crawl)

Link Woods Creek trail to downtown via stairway adjacent to Nelson Street bridge

Promote

Give it a catchy name

Inventory existing uses, identify what's missing, recruit

Agree on retail hours to be open

Lack of choice in merchandise, lack of competitive pricing

Lack of atmosphere (i.e., no hip but somewhat "old school")

Unjustifiably expensive to rent given small customer base

How do we make it easy & attractive for people to come downtown?

Create and maintain an atmosphere of southern hospitality and welcome

Promoting better signage for parking and clearly identify what's necessary to avoid fines

Attract big name retailer to anchor downtown

Add an arts and culture district

## **Technology**

Increase technological aids

Fast, cheaper, more effective

Increase infrastructure capacity

Staffing needs

Google is giving grants for ultra high-speed connectivity

Free WI-FI

Help with broadband infrastructure

Be a wired community

**Taxes**

Cap BPOL

BPOL on adjusted net

Be the only city in Virginia with a flat rate BPOL

Lower, stabilize, standardize

Eliminate license fees and taxes

**Zoning**

Consistency

No surprises: let them know regulations and zoning upfront

Loosen McLaughlin zoning to allow material storage

South Main, East Nelson, East Washington: Small office compatible (old library)

Encourage mixed use zoning and comp plan

Reduce permitting “red tape” to allow projects to move forward as it helps employ local contractors

**Tourism**

Find ways to increase tourism

Promote cultural tourism

Art

Music: Every Friday

Create cultural identity and promote

Branding

Create reasons for people to come here

Promote extended day festivals: 3 day festivals

Balloon Rally: link to downtown, provide shuttle service

**VMI and W&L**

Have them grant a token amount of money to City revenue based on value of services received

Draw on them for intellectual and student intern resources

Get them to sponsor/subsidize local business incubator system or entrepreneurial center (similar to Ball State)

**Marketing campaign**

Buy Local

Support local

Keep local money local

Try Lexington before buying online

Target DC & NJ with our quality of life

Market the advantages of Lexington

Promote what's unique about Lexington

Campaign: Talk to those who touch tourists and hear what the tourists are saying

Long-term commitment to marketing and branding campaign

**Other notes**

Commitment to our overall vision

Tightly focused strategic plan on economic development